No. __-____

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

THOMSON S.A.,

Petitioner,

—v.—

QUIXOTE CORPORATION AND DISC MANUFACTURING, INC.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

GEORGE E. BADENOCH
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-7200

Attorneys for Petitioner
Thomson S.A.

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QUESTIONS PRESENTED

Whether the long standing corroboration rule, which safeguards the United States first to invent patent system against the dangers of uncorroborated and unverifiable oral testimony about secret prior art, was justifiably overturned in this case merely because the uncorroborated oral testimony came from a third party witness.

Whether the Federal Circuit's decision overturning the long standing corroboration rule for third party witnesses in this case can be logically reconciled with its decision in *Woodland Trust v. Flower Tree Nursery, Inc.*, 148 F.3d 1368 (Fed. Cir. 1998), where the same Court reached the opposite result and upheld the corroboration rule for third party witnesses.

STATEMENT PURSUANT TO RULE 29.6

Thomson S.A. has no parent companies. Thomson S.A.'s nonwholly owned subsidiaries are Thomson CSF and Thomson Multimedia.

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No. _____

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1998

THOMSON S.A.,

Petitioner,

v.

QUIXOTE CORPORATION AND DISC MANUFACTURING, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

Petitioner Thomson S.A. respectfully petitions this Court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the Federal Circuit affirming the judgment of the district court (Appendix, *infra*, at 3a-13a) is reported at 166 F.3d 1172. The opinion of the district court denying petitioner's timely renewed motion for judgment as a matter of law ("JMOL") and/or a new trial (Appendix, *infra*, at 17a-55a) is reported at 979 F. Supp. 286.

STATEMENT OF JURISDICTION

The Federal Circuit entered judgment on January 25, 1999 (Appendix, *infra*, at 2a). Petitioner did not petition the Federal Circuit for rehearing or suggest a rehearing of the Federal Circuit *in banc*. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant statutory provisions, 35 U.S.C. § 102, 35 U.S.C. § 104 (1972) and 35 U.S.C. § 119, are set forth in the Appendix, *infra*, at 56a-58a.

STATEMENT OF THE CASE

I. Tinet's Inventions and the Patents in Suit

This case involves four important patents owned by petitioner Thomson S.A. on the basic technology used to store information on digital audio compact discs ("CDs"), video discs and compact read only memory discs ("CD ROMs"). Prior to the decisions below, which suddenly declared the patents invalid, these patents were widely licensed to manufacturers of CDs, video discs and CD ROMs throughout the world. *Tr. 12-16.*[1]

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[1] Cited portions of the parties' Joint Appendix that was submitted to the Federal Circuit are cited as "*A* ___." Cited portions of the trial transcript before the district court are cited as "*Tr.* ___."

The patents stem from the pioneering work of one of petitioner's research scientists, Claude Tinet, in 1972. Tinet discovered a new way of storing information on the surface of a disc, and a new way of guiding a focused laser beam to read back the information. *A 212-214.*[2] These discoveries enabled the development of high capacity optical storage discs, including CDs, video discs and CD ROMs, which could store far more information in the same space than had previously been possible with conventional LP records. *Tr. 164-172.*

The original patent application on Tinet's work was filed in France on August 25, 1972. *A 4078.* A U.S. application claiming priority to the French application was filed a year later.[3] *A 4078.* This application led to a series of applications which, after extended prosecution in the U.S. Patent and Trademark Office ("PTO"), issued between 1989 and 1993 as the four Tinet patents in suit.[4]

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[2] In a conventional phonograph record, information, *e.g.*, music, is stored in grooves and read with a stylus. Tinet invented a way of using microscopic pits or bumps of variable length along a spiral track to store the information, *e.g.*, music or video, and of guiding a focused laser beam along the track to read the information.

[3] Under 35 U.S.C. § 119 and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as amended, if a patent application is filed in France, a corresponding U.S. application filed within one year is entitled to the French filing date.

[4] The four patents are U.S. Patent Nos. 4,868,808, 4,961,183, 5,175,725 and 5,182,743. *A 1414-1465.*

Petitioner, which owns and operates the former consumer electronic business of General Electric Company and RCA in the United States, makes and markets CDs and other optical disc players and, prior to the decisions below, it successfully licensed the Tinet patents to manufacturers of CDs and other optical discs.[5] *A 248-250; Tr. 12-16.*

II. The U.S. First to Invent Patent System and The Corroboration Rule

The United States operates under a "first to invent" patent system in which priority is awarded to the inventor who can prove he or she actually made the invention first, regardless of who files a patent application first.[6] Under this system, the first inventor to file a patent application is presumptively entitled to priority, but a competing inventor can still prevail by proving that he made the invention earlier, even if he did so

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[5] Petitioner briefly marketed an early video disc, but this product was discontinued in favor of licensing. Other companies, including Philips Electronics, NV and Sony Corporation, also have licensing programs on CDs and other optical discs, based on later filed patents covering other features of such discs, but the Tinet patents cover the basic technology for storing information on today's CDs and other optical discs, as confirmed by the judgment of infringement in this case. (Appendix, *infra*, at 14a).

[6] In contrast, most other countries operate under a "first to file" system in which priority is awarded to the first inventor to file a patent application, regardless of who actually makes the invention first. *See* 2 J.W. Baxter et al., *World Patent Law and Practice* § 4.06 (1998).

secretly. Similarly, under a first to invent system, a defendant in an infringement case can invalidate a patent by proving that he or she (or someone else) made the invention earlier, even if they did so privately in their own laboratory and never filed a patent application. In each case, the only condition is that the secret work not thereafter be abandoned, suppressed or concealed.[7]

The first to invent system has the advantage of encouraging innovation by individual inventors and small startup companies which lack the resources to file patent applications as frequently as larger corporations. However, the system carries with it an obvious problem if important patents and applications, which serve as the incentive for innovation, can be readily defeated by oral testimony alone about activities

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[7] The statutory basis for the U.S. first to invent system is 35 U.S.C. § 102(g), which provides in pertinent part:

> A person shall be entitled to a patent unless--
>
> * * *
>
> (g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it.

This provision is used both for administrative priority proceedings between competing inventors in the PTO, called "interferences," and as a basis for a defense of prior invention in patent infringement cases. Unlike the other subsections of § 102 dealing with publicly available prior art, this section allows infringement respondents to challenge a patent based on secret prior art.

conducted long ago in secret. Where an invalidity defense is based on publicly available prior art under 35 U.S.C. § 102(a) or 102(b),[8] such as a defense based on prior patents, publications or products on sale or in public use in the marketplace, the technical details of the prior art can be readily investigated, verified and proved by clear and convincing evidence.[9] Where a defense is based on secret prior art under 35 U.S.C. § 102(g), however, there is no way to verify or further investigate the assertions of a witness who testifies orally about private thoughts and experiments from the distant past, unless there are drawings, notebooks or other

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[8] 35 U.S.C. § 102(a) and (b) provide in pertinent part:

> A person shall be entitled to a patent unless--
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, ...

[9] It is a fundamental axiom of patent law that patents are presumed valid, and a defense of invalidity requires proof by clear and convincing evidence 35 U.S.C. § 282; *Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc.*, 807 F.2d 955, 961 (Fed. Cir. 1986).

contemporaneous records to document the details of what was allegedly conceived or tested.[10]

Accordingly, as part and parcel of the U.S. first to invent system, the courts have long adhered to a companion evidentiary rule that protects patents from invalidation based solely on oral testimony about secret prior art. This corroboration rule requires that oral testimony of prior inventive activity be corroborated by independent evidence. *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1577 (Fed. Cir. 1996); *Burroughs Wellcome Co. v. Barr Laboratories, Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994), *cert. denied*, 516 U.S. 1070 (1996); *Price v. Symsek*, 988 F.2d 1187, 1194-95 (Fed. Cir. 1993); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 74-75 (Ct. Cl. 1977). This rule does not change the clear and convincing burden of proof required to invalidate a patent in litigation, but it does mandate that the burden cannot be met in the absence of sufficient corroboration. *Price*, 988 F.2d at 1194 ("[T]he case law is unequivocal that an inventor's testimony respecting the facts surrounding a claim of derivation or priority of invention cannot, standing alone, rise to the level of clear and convincing proof.").

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[10] The problem is arguably less severe in the case of interference proceedings involving competing patent applications, or infringement cases involving patents that were recently filed and issued, because the prior inventive activity in dispute is apt to be more recent and the persons or companies are more likely to have accurate records to document what occurred. The problem is particularly acute in infringement cases like this one, where the alleged prior inventive activity occurred over 24 years prior to the trial and there are no records to document the technical details of the test at issue.

Moreover, the requirement of corroboration is not met by merely introducing documentary evidence that the alleged prior inventor was working on a device similar to the challenged invention, or that he or she conceived or tested some feature of such a device. It is the respondents' burden to prove that an alleged prior invention met each and every element of the patent claim challenged, *see Innovative Scuba Concepts, Inc. v. Feder Industries, Inc.*, 26 F.3d 1112, 1115 (Fed. Cir. 1994), and the proof on this point must be corroborated for each and every element by independent evidence, *see Mikus v. Wachtel*, 542 F.2d 1157, 1158 (C.C.P.A. 1976).

III. Respondents' Prior Invention Defense

The dangers of allowing a prior invention defense under 35 U.S.C. § 102(g) to be proved by oral testimony alone are dramatically illustrated in this case.

Petitioner sued several unlicensed manufacturers of CDs for infringement in 1994, *A55*, invoking jurisdiction under 28 U.S.C. § 1338. Four groups of defendants (including 18 of the original 20 defendants) settled and entered into royalty bearing license agreements under the patents in suit, joining with several other companies that had agreed to such licenses prior to the litigation.[11] *A 66, 67, 80, 81.* Respondents

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[11] The settling defendants were Timer Warner, Inc. and its affiliates WEA Manufacturing, Inc., Warner Music Group, Inc., Electra Entertainment, Inc., Warner Communications, Inc., Warner Bros. Records, Inc. and Atlantic Recording Corporation, Bertelsmann, Inc. and its affiliates Bertelsmann Music Group, Inc., Arista Records, Inc., Sonopress, Inc. and BMG Direct Marketing, Inc., Thorn EMI North America Holdings, Inc., and

remained in the case, contending that the patents in suit were invalid and not infringed. In particular, respondents contended that the patents were invalid for prior invention under 35 U.S.C. § 102(g).[12]

Respondents' prior invention defense was based on the allegation that another company, MCA Disco-Vision ("MCA"), was working on the development of a video disc in the early 1970s, that this company tested a prototype disc internally in a laboratory in June 1972, about two months before petitioner's August 25, 1972 priority date, and that the prototype disc tested allegedly contained each and every element of the patent claims in issue.[13]

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its affiliates Emi Music, Inc., Capitol-EMI Music, Inc., Capitol Records, Inc., and Nippon Columbia Co., Ltd. and its affiliate Denon Corporation (USA). *A 66, 67, 80, 81.*

[12] Respondents originally alleged several invalidity defenses, but on the eve of trial, respondents dropped all defenses against the validity of the patents except two: (1) invalidity for nonjoinder of inventors under 35 U.S.C. § 102(f), and (2) invalidity based on prior invention under 35 U.S.C. § 102(g). *A 43-44.*

[13] It was agreed that the priority date for the Tinet patents, *i.e.*, the date before which respondents had to prove a prior invention meeting all of the claim elements, was the filing date of the original French patent application, August 25, 1972. (Appendix, *infra*, at 21a n.4). Under the law in effect at the time, petitioner was precluded from asserting an invention date earlier than its priority date of August 25, 1972, because the law did not allow a foreign inventor to rely on activities outside the

To support the allegation of prior invention by MCA, respondents relied on the oral testimony of a former MCA research worker, Richard Wilkinson, who had since become a supplier of mastering systems to disc manufacturers like respondents. *A 909-910.* Wilkinson testified that a prototype video disc tested by another MCA employee (now deceased) in a MCA laboratory in June 1972 embodied the same invention as the Tinet patent claims. *A 870-875.*

Although MCA was no longer in business, respondents located some old MCA records to show that MCA was working on a video disc project during the period in question. *A 3319-3528, 3531-3612, 3829-3998.* Respondents also offered remnants of some modified and cannibalized prototype players retrieved from an MCA "boneyard" to show what some of the prototype players allegedly looked like. *A 910.* However, none of these exhibits revealed the structure of the prototype disc tested in June 1972. *A 862.* Indeed, although respondents located lab notebooks and monthly research reports, Wilkinson's lab notebooks made no reference to the critical June 1972 test, the lab notebooks of respondents' other witness (who testified only about later tests after petitioner's priority date) were all inexplicably missing, and the monthly research reports for the critical months surrounding the June 1972 test were also inexplicably missing. *A 904, 925-927, 947-949, 1044, 1204-1205.*

Respondents also offered testimony from another MCA technical worker, Larry Canino, who testified about his work on prototype players after the critical June 1972 test. *A 1020-1022.*

United States to establish an earlier date of invention. *See* 35 U.S.C. § 104 (1972).

However, Canino had no first-hand knowledge of the June 1972 test, and his hearsay testimony about that test was stricken from the record. *A 994-996.*

Finally, respondents offered the report of an expert witness who did not attend the trial, Gary Slaten. Slaten had worked for MCA beginning in March 1973, well after petitioner's August 1972 priority date, and he had attached conclusory claim charts to his report comparing the prototype test disc to the Tinet patent claims in issue. Slaten had no first-hand knowledge concerning any MCA activities in 1972, however, and it was undisputed that MCA was working on different types of discs during the same time period. Moreover, Slaten cited no evidence for any of the comparisons in his claim charts. *A 1194-1195, 1198, 4010-4013.*

Thus, the only evidence in the record on the nature of the prototype disc tested before petitioner's priority date was the oral recollection testimony of one witness, Richard Wilkinson.

IV. The Proceedings Below

A. Motions Before the District Court

Petitioner moved for judgment as a matter of law at the close of respondents' case, because, under the corroboration rule, the oral testimony relied upon to show that the prototype disc tested in June 1972 met all of the limitations of the claims was uncorroborated and insufficient as a matter of law. *Tr. 1122-1123.* The district court deferred ruling, but later denied the motion. *Tr. 1138.* Petitioner then requested that the district court instruct the jury that the patents could not be invalidated

for prior invention by MCA based solely on uncorroborated oral testimony. *A 1321-1322.* The district court refused to give this instruction. *A 1322.*

The issues were then given separately to the jury in a special verdict. The jury rendered a verdict for petitioner on the infringement and other invalidity issues, but it found the patents invalid based solely on the defense of prior invention by MCA. *A 41-44.* After the trial, petitioner renewed its motion for judgment as a matter of law and moved for a new trial. *A 84.* The district court denied both of these motions (Appendix, *infra*, at 16a), and petitioner appealed.

B. The Decision of the Federal Circuit

Petitioner argued on appeal that the only inventive activity alleged to have occurred prior to petitioner's priority date was the internal test of a prototype disc in June 1972, that the only evidence in the record about the nature of the prototype disc tested in this test was the oral testimony of Wilkinson, and that, under the long standing rule requiring corroboration, Wilkinson's oral testimony was insufficient to invalidate the patents as a matter of law.

The Federal Circuit rejected this argument and affirmed the decision below. Instead of following the long standing corroboration rule, the Federal Circuit treated the appeal as presenting a new issue of law, solely because Wilkinson was not a party in the case. The Court first agreed with the rule that "an inventor's testimony alone respecting the facts surrounding a claim of derivation or priority of invention cannot satisfy the clear and convincing standard without corroboration." (Appendix, *infra*, at 9a-10a). But then, despite its own recent

decision in *Woodland Trust v. Flower Tree Nursery*, 148 F.3d 1368 (Fed. Cir. 1998), upholding the corroboration rule for third party witnesses, the Federal Circuit refused to apply the corroboration rule in this case merely because Wilkinson was a third party and not directly associated with either party in the case.[14] (Appendix, *infra*, at 11a-12a). Explaining this sweeping new exception to the long standing corroboration rule, the Federal Circuit stated:

> We therefore hold that corroboration is required only when the testifying inventor is asserting a claim of derivation or priority of his or her invention and is a named party, an employee of

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[14] The district court denied petitioner's motion for judgment as a matter of law on the ground that Wilkinson was not named as an "inventor" and that the corroboration rule applied only to "inventors". (Appendix, *infra*, at 50a-53a). The prior statements relied upon by the district court for this proposition, however, were all *dicta* in cases where an inventor's testimony was corroborated and the issue was whether the corroborating evidence required still further corroboration. Moreover, Wilkinson and Canino were both named as inventors on later MCA patents relating to other features of the MCA video disc developments, *Tr. 861*, and the fact that they were not named as "inventors" in a patent on the MCA prototype disc relied upon could not logically be a basis for giving their testimony greater weight. Such a rule would reward respondents and MCA for not promptly filing a patent application on the work alleged to invalidate the patents in suit. In any event, the witnesses in *Woodland Trust* were not named as "inventors" either, and the Federal Circuit did not base its decision on this ground.

> or assignor to a named party, or otherwise is in a position where he or she stands to directly and substantially gain by his or her invention being found to have priority over the patent claims at issue.

(Appendix, *infra*, at 12a).

The Federal Circuit consequently held that the district court was correct in denying petitioner's motion for JMOL and/or a new trial based on this newly created exception to the corroboration rule, despite its contrary holding in *Woodland Trust*. (Appendix, *infra*, at 12a).

REASONS FOR GRANTING THE WRIT

For over one hundred years, the corroboration requirement has served as an essential safeguard in the first to invent patent system of the United States to protect useful patents against invalidation based on unverifiable oral testimony about secret prior art. The Federal Circuit's decision in this case improperly curtails this vital safeguard of the patent system for reasons which are arbitrary, illogical and inconsistent with the Court's own recent precedent.

First, there is no justification for doing away with the long standing corroboration rule merely because the oral testimony relied upon to show prior invention comes from a third party. The rule was not promulgated solely to counter the presumed bias of parties as opposed to nonparties. It was fashioned to counter the inherent unreliability of undocumented oral recollections on the technical details of private thoughts

and experiments from the distant past and the inherent unfairness of "virtually precluding the adverse party from the possibility of rebutting such evidence." *Price v. Symsek*, 988 F.2d 1187, 1194 (Fed. Cir. 1993). Moreover, to carve out a special exception for third parties leads to the absurd result that the same patent could be upheld in one case, where the only evidence of prior invention was the uncorroborated oral testimony of the infringer's employee, and then invalidated in another case against another infringer based on the very same oral testimony, merely because the same witness is no longer an employee of a party. Such inconsistent results are an anathema to a fair and rational judicial system.

Second, the newly created exception to the corroboration rule promulgated in this case is inconsistent with the Federal Circuit's own recent precedent. In *Woodland Trust v. Flower Tree Nursery*, 148 F.3d 1368 (Fed. Cir. 1998), the court was faced with the same issue, except that the evidence there included uncorroborated oral testimony from four witnesses, including third parties. The district court, which had the opportunity to hear the witnesses and judge their credibility, held the patent invalid. The Federal Circuit reversed because the oral testimony was uncorroborated and, therefore, insufficient to invalidate a patent as a matter of law. Thus, in the present case, the Federal Circuit holds that third party testimony on prior inventive activities need not be corroborated, while in *Woodland Trust*, the Federal Circuit held the opposite -- that third party testimony on prior inventive activities must be corroborated. This inconsistency is not only unfair and illogical, it makes a mockery of the Federal Circuit's mandate to foster consistency in the patent law.

I. There is No Justification for the Federal Circuit's Newly Created Exception to the Corroboration Rule

The corroboration rule serves as an important safeguard in the U.S. first to invent system, because it guards against invalidation of worthy patents based on questionable and inherently unreliable oral evidence of secret prior art. By creating a vast new loophole for third party witnesses, the Federal Circuit has now undermined this protection and upset the longstanding balance between the advantages of a first to invent system and the protection against the dangers of secret prior art that goes hand in hand with a first to invent system.

The United States has, since the creation of our patent system, followed a "first to invent" system where a patent is awarded to the first inventor regardless of the date on which competing inventors file their patent applications. Such a system is fair and logical because it rewards the one who is first to invent, instead of the one who wins a race to the PTO. In addition, the system treats all inventors equally, including individual and small company inventors who have contributed significantly to technological innovation and the subsequent economic development of the United States. *See* Donald W. Banner, *Patent Law Harmonization*, 1 U. Balt. Intell. Prop. L.J. 9, 9-13 (1992). The first to invent system allows such inventors to fairly compete for patents against large corporations by awarding patents to the true first inventor rather than the entity with the resources to file promptly and more often.[15]

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[15] In contrast, under a first to file system, large corporations with far greater resources and the incentive to do so, can flood the PTO with hastily drafted patent applications and crowd out independent and small company inventors. *See* Sean T.

The adoption of the first to invent system in the United Sates has a necessary consequence, however, that secret prior art can be used to invalidate a patent even if the persons conducting the alleged prior art activities never apply for a patent.[16]

Carnathan, *Patent Priority Disputes--A Proposed Re-Definition of "First-to-Invent"*, 49 Ala. L. Rev. 755, 795-97 (1998).

[16] The requirement of 35 U.S.C. § 102(g) that a prior invention not be thereafter "abandoned, suppressed or concealed" does not avoid this problem, because internal inventive activity alleged to anticipate can remain secret for a long time without being abandoned, suppressed or concealed. The ultimate marketing of a further evolved product much later, or a publication based on the state of the development work much later, can avoid a finding that work was abandoned, suppressed or concealed, but it does not corroborate the details of an earlier prototype test relied upon to anticipate. In this case, although MCA had earlier patents on different types of discs (which admittedly differed from the Tinet claims), MCA did not publish any structural details of discs purporting to be similar to the prototype disc relied upon to anticipate until April 1974. *A 3626-3641*. While this publication may indicate that the MCA work was ultimately not abandoned, suppressed or concealed, it cannot serve to corroborate any of Wilkinson's testimony, because MCA was working on many different types of discs, and an April 1974 publication obviously cannot provide contemporaneous evidence about the details of a particular prototype disc tested in June 1972. Similarly, although MCA joined with Philips several years later to market video discs based on Philips technology, the availability of Philips-type discs many years later cannot corroborate the testimony of

Over one hundred years ago, this Court recognized that the indiscriminate use of such secret prior art could wreak havoc on the patent system of the United States:

> We have now to deal with certain unpatented devices, claimed to be complete anticipations of this patent, the existence and use of which are proven only by oral testimony. . . . *Witnesses whose memories are prodded by the eagerness of interested parties to elicit testimony favorable to themselves are not usually to be depended upon for accurate information.* The very fact, which courts as well as the public have not failed to recognize, that almost every important patent, from the cotton gin of Whitney to the one under consideration, has been attacked by the testimony of witnesses who imagined they had made similar discoveries long before the patentee had claimed to have invented his device, has tended to throw a certain amount of discredit upon all that class of evidence, and to demand that it be subjected to the closest scrutiny. Indeed, the frequency with which testimony is tortured, or fabricated outright, to build up the defense of a prior use of the thing patented, goes far to justify the popular impression that the inventor may be treated as the lawful prey of the infringer.

Washburn and Moen Mfg. v. Beat 'Em All Barbed-Wire Co.,

Wilkinson about a different type of prototype disc tested in June 1972.

143 U.S. 275, 284-285 (1892) [emphasis added]. As this Court recognized, the first to invent system can be abused by means of unverifiable testimony of witnesses who claim that they invented the patented invention prior to the patent's invention date. *See Price*, 988 F.2d at 1194 (allowing prior conception to be established by the unsupported testimony of the inventor "would have the effect of virtually precluding the adverse party from the possibility of rebutting such evidence").

Accordingly, this Court and other courts have required contemporaneous physical corroboration of secret prior art to prevent useful patents from being declared invalid based solely on oral testimony. *See Deering v. Winona Harvester Works*, 155 U.S. 286, 300-01 (1894) ("oral testimony, unsupported by patents or exhibits, tending to show prior use of a device regularly patented is, in the nature of the case, open to grave suspicion."); *Gould v. Schawlow*, 363 F.2d 908, 919 (C.C.P.A. 1966) (the requirement of corroboration "has arisen because [an] opponent in an interference proceeding is rarely in a position to present evidence contradicting the inventor's statements as to his acts of invention."); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 75 (Ct. Cl. 1977) ("[T]he oral testimony of witnesses, speaking only from memory in regard to past transactions has, in the absence of contemporaneous documentary or physical evidence, consistently been found to be of little probative value.").

The Federal Circuit's new rule flies in the face of this long standing doctrine that testimony about prior inventive activity must be corroborated as to each and every element. The decision below not only eviscerates the effectiveness of this long standing rule, it produces anomalies and inconsistent results when applied in real world situations. Under the Federal

Circuit's analysis, the very same uncorroborated testimony regarding prior inventive activity that is found to be insufficient as a matter of law to invalidate a patent in one lawsuit can be sufficient to invalidate the same patent in another lawsuit. Specifically, had MCA been a party in this case, the Federal Circuit presumably would have reversed and upheld the continued validity of the patents in suit because Wilkinson's uncorroborated testimony could not establish prior inventive activity as a matter of law. But because MCA was not a party in this case, the Federal Circuit refused to apply the corroboration rule and found Wilkinson's uncorroborated testimony to be sufficient. This result defies logical explanation. Either testimony surrounding inventive activity requires corroboration or it does not. If the rule is that corroboration is required (which is undisputed), then the rule should apply no matter for what purpose the testimony is offered.[17]

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[17] The analysis of the district court finding that Wilkinson's testimony did not need corroboration because Wilkinson was not named as an inventor is similarly arbitrary and illogical. Wilkinson is an inventor and is named on patents covering other aspects of MCA's work. *Tr. 861.* Under the district court's reasoning, had Wilkinson been named one of perhaps several inventors on an MCA patent application relating to the prototype disc respondents rely upon, then his testimony would require corroboration. But because MCA chose not to file such a patent application, the district court found that corroboration for Wilkinson's testimony was unnecessary as a matter of law. This result is illogical because the reliability of Wilkinson's testimony should not depend on whether or not his employer files a patent application. On the contrary, if MCA had filed a timely patent application on the prototype disc tested in June

Finally, the Federal Circuit's rule ignores the fundamental reality that reliance on oral testimony regarding events long ago is both unreliable and inherently unfair to the patentee. Where there are no contemporaneous documents for the patentee to evaluate, it is impossible for the patentee to rebut or otherwise further investigate what the witness alleges occurred. Such unreliability and unfairness is not mitigated by the fact that the witness offering uncorroborated testimony has no relationship with the parties.

In sum, this case presents a dramatic example of the unfairness of allowing respondents to rely solely on oral testimony as to internal tests conducted long ago. Respondents relied on the 24-year old recollection of Wilkinson to establish that a prototype disc, manufactured and tested by someone else now deceased, allegedly contained the same features as the claimed inventions of the patents in suit. There were no documents to corroborate this testimony, because Wilkinson's notebooks made no reference to the tests relied upon, Canino's notebooks were missing and in any event would have been limited to work after the critical June 1972 test, and the monthly research reports that would be expected to describe the tests in question were also missing. *A 904, 925-927, 947-949, 1044, 1204-1205.*[18] Indeed, although the district court ruled

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1972, one would think it should bolster the testimony of Wilkinson and make it more reliable, not less reliable.

[18] Respondents found one report that made a reference to the test, *A 3601*, but it contained no specific information about the nature of the test and no information whatsoever about the prototype disc tested. Respondents also introduced press releases about the test, *A 3303*, and about a public test in

against petitioner, the district court recognized the importance of the corroboration rule and the manifest dangers of even a little bit of "fudging" in the uncorroborated recollection of a prepared witness:

> [T]his is an area of the law that ought to be reformed. I mean, it becomes very easy for people with fraudulent intent to create havoc. And it also is an area that lends itself to *a little bit of fudging even* that could make *a great deal of difference*.

A 1322 [emphasis added]. It is precisely the possibility of this "little bit of fudging" on unverifiable details of long ago thoughts and experiments that makes the corroboration rule so important in the first to invent patent system. Because the Federal Circuit refused to apply the corroboration rule in this case, a little bit of fudging has indeed made "a great deal of difference." Four important patents have suddenly been invalidated, and an extremely valuable licensing program has been abruptly terminated.

For these reasons, the proper application of the law should require respondents to provide corroboration to establish

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December 1972, *A 3622-3623*, after petitioner's priority date, but these press releases contain no information about the nature of the test or the disc tested. Respondents' effort to characterize the critical June 1972 test as a prior public use, instead of a secret internal test, based on press releases reporting generally that a test occurred and that work was in progress but providing no information about any disc tested, was rejected by the district court on summary judgment before trial. *A 77*.

a prior invention defense under 35 U.S.C. § 102(g) without regard to the relationship of Wilkinson to the petitioner or respondents. Because the Federal Circuit ruled otherwise, a writ of certiorari to the Federal Circuit is warranted in this case.

II. The Federal Circuit's Decision in this Case Cannot Be Reconciled With Its Decision in *Woodland Trust*

It has long been a practice of this Court to grant certiorari in its discretion when a court of appeals has entered a decision in conflict with the decision of another court of appeals on the same important matter. *See* Sup. Ct. R. 10(a). This Court's policy of granting certiorari to resolve circuit splits in non-patent matters is equally applicable to resolving irreconcilable conflicts between two Federal Circuit decisions on patent matters. Because the Federal Circuit's opinion in this case cannot be reconciled with the Federal Circuit's opinion in *Woodland Trust* decided less than a year ago, an additional, independent ground for the grant of certiorari exists in this case.

The Federal Circuit in *Woodland Trust* held that a patent could not be invalidated by the uncorroborated testimony of four witnesses, including two third party witnesses who were not associated with either party in the case. Less than one year later, the Federal Circuit held in the present case that a patent could be invalidated by the uncorroborated testimony of Wilkinson, because he was a third party and not associated with either party in the case. These conflicting decisions cannot be logically reconciled.

In *Woodland Trust,* the owner of a patent on a plant protection process sued a nursery for infringement. The accused infringer argued that the patent was invalid based on

use of the same process many years earlier.[19] To support the defense, the accused infringer offered the oral testimony of four witnesses, two of whom (the son of the owner and a close friend) were arguably associated with the defendant, and two of whom (the owner of a competing nursery and a former employee of the competing nursery) were third parties not associated with defendant. There were no physical records to support the oral testimony of these four witnesses. After a bench trial, the district court credited the testimony of all four witnesses and found the patent in suit invalid. *Woodland Trust*, 148 F.3d at 1369-70. On appeal, the Federal Circuit reversed the judgment of the district court. The Federal Circuit held that the lack of physical evidence to corroborate the oral testimony of the four witnesses was fatal to defendant's case and that their oral testimony alone could not as a matter of law invalidate the patent in suit. *Woodland Trust*, 148 F.3d at 1373.[20]

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[19] The defendant argued that the use was public, albeit later discontinued, and therefore relied on 35 U.S.C. § 102(a) instead of 35 U.S.C. § 102(g). However, the principles governing the requirement of corroboration for oral testimony under 35 U.S.C. § 102(a) are identical to the principles governing the requirement of corroboration under 35 U.S.C. § 102(g). *See* 1 Donald S. Chisum, *Patents* § 3.05[2][c](1999).

[20] In attempting to distinguish the present case from *Woodland Trust*, the Federal Circuit apparently failed to appreciate that only two of the witnesses in *Woodland Trust* were associated with the defendant. The court stated:

> Thomson incorrectly argues that we extended the corroboration rule to include non-inventors in *Woodland Trust*. In *Woodland Trust*, the

The inconsistency between the result in *Woodland Trust* and the result in this case leaves the corroboration rule in a state of confusion. Surely, the Federal Circuit could not have meant that the presence of the additional two witnesses in *Woodland*

> infringement defendant argued that the patent claims at issue were invalid under 35 U.S.C. § 102(a), testifying that the claims had been anticipated by his prior invention and public use. Thus, the corroboration rule was properly applied to the testimony of the defendant because he was a *party* who claimed to be an *inventor*. *See Woodland Trust*, 148 F.3d at 1369-70 . . . (holding that evidence did not meet clear and convincing standard required to show anticipation, despite corroborating testimony of four witnesses, where the witnesses were related to defendant by blood or long friendship, and no corroborating physical evidence was submitted despite defendant's assertion that he had used the invention for more than ten years).

(Appendix, *infra*, at 10a n.4) [emphasis in original]. This description of the witnesses as related "by blood or long friendship" applies to two of the witnesses, the defendant owner's son and his close friend. The court may also have intended the description to apply to the owner of the competing nursery because he also knew the defendant owner for a long period, even though nothing suggests that the competitors were close friends. However, the description cannot possibly be applied to the former employee of the competing nursery. This witness, Charles Hudson, was plainly a third party witness, who was not associated with either party in the case in any way.

Trust who were associated with the defendant triggered the need for corroboration for all four witnesses, while the lack of such a witness associated with a party dispenses with the need for corroboration in the present case. Under this analysis, had respondents offered an additional witness employed by, or otherwise related to, the respondents to testify that he or she was with Wilkinson during the June 1972 test, this testimony would have "tainted" the testimony of Wilkinson, thereby triggering the need for corroboration by physical documentation. Obviously, this rule defies a logical explanation. It makes little sense to dispense with the corroboration requirement when a witness not associated with a party testifies to an event, but then reinstate the requirement when a second witness who is associated with a party in the case testifies about the same event.

The mandate of the Federal Circuit is to foster consistency in the patent law. This objective cannot be met if irreconcilable conflicting decisions, less than a year apart, are allowed to stand uncorrected on important aspects of patent policy. A writ of certiorari to the Federal Circuit is warranted on this basis.

CONCLUSION

For the foregoing reasons, this Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

George E. Badenoch
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-72090

Attorneys for Petitioner
Thomson S.A.

APPENDIX

United States Court of Appeals for the Federal Circuit

97-1485

THOMSON, S.A.,
Plaintiff-Appellant,

v.

QUIXOTE CORPORATION and DISC MANUFACTURING, INC.,
Defendants-Appellees.

Judgment

ON APPEAL from the United States District Court for the District of Delaware in CASE NO(S) 94-CV-83

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED:

AFFIRMED.

ENTERED BY ORDER OF THE COURT

DATED: January 25, 1999

/s/ JAN HORBALY
Jan Horbaly, Clerk

ISSUED AS A MANDATE: FEBRUARY 16, 1999

United States Court of Appeals for the Federal Circuit

97-1485

THOMSON, S.A.,
Plaintiff-Appellant,

v.

QUIXOTE CORPORATION and DISC MANUFACTURING, INC.,
Defendants-Appellees.

George E. Badenoch, Kenyon & Kenyon, of New York, New York, argued for plaintiff-appellant. With him on the brief were Richard L. Mayer, John Flock, and Robert F. Perry.

Thomas L. Giannetti, Fish & Neave, of New York, New York, argued for defendants-appellees. With him on the brief were Harold V. Johnson, and James B. Blanchard, Brinks, Hofer, Gilson & Lione, of Chicago, Illinois.

Appealed from:
United States District Court for the District of Delaware
Senior Judge Joseph J. Longobardi

United States Court of Appeals for the Federal Circuit

97-1485

THOMSON, S.A.,
Plaintiff-Appellant,

v.

QUIXOTE CORPORATION and DISC MANUFACTURING, INC.,
Defendants-Appellees.

DECIDED: January 25, 1999

Before RICH, SCHALL, and GAJARSA, Circuit Judges.

RICH, Circuit Judge.

Thomson, S.A. ("Thomson") appeals from the June 24, 1997 order of the United States District Court for the District of Delaware in an action for patent infringement. See Thomson, S.A. v. Quixote Corp., 979 F. Supp. 286 (D. Del. 1997) ("Thomson I"). The court denied Thomson's motion for Judgment as a Matter of Law or in the alternative for a new trial, and sustained the jury verdict that U.S. Patent Nos. 4,868,808, 5,182,743, 4,196,186, and 4,175,725 are invalid for lack of novelty under 35 U.S.C. § 102(g). We affirm.

BACKGROUND

Plaintiff-Appellant Thomson is the assignee of the patents in suit, which are directed to optical information-storage devices, such as compact discs ("CDs"). Thomson makes and markets machines that "read" or "play" CDs, and grants licenses under the patents in suit to companies which produce CDs. Defendants-Appellees, Quixote Corp. and Disc Manufacturing, Inc. (collectively, "Quixote") make CDs.[1]

Thomson sued Quixote for patent infringement. The parties agreed to base the outcome of the trial on three representative claims: claims 1 and 13 of U.S. Patent No. 4,868,808, and claim 1 of U.S. Patent No. 5,182,743. Before the full trial, the district court conducted a Markman hearing and issued a written opinion construing the representative claims.

At trial, the parties stipulated that Thomson's invention date for the patents in suit is August 25, 1972. Quixote's defense included evidence purporting to show that the representative claims are anticipated by an unpatented laser videodisc developed before August 1972 by a non-party, MCA Discovision, Inc. ("MCA"). After trial, the jury found in special verdicts that all of the representative claims were literally infringed, but that those claims are invalid due to lack of novelty (i.e., anticipated) under 35 U.S.C. § 102(g).

Thomson submitted a motion requesting that the district

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[1] Quixote Corp. is a holding company that until recently owned Disc Manufacturing Inc., a contract maker of video and audio CDs.

court either set aside the jury's verdict of invalidity and enter Judgment as a Matter of Law ("JMOL") holding the patents not invalid, or grant a new trial on the lack of novelty issue. Thomson argued that JMOL was proper because there was insufficient evidence in the record to support the jury's anticipation verdict concerning certain claim limitations the court had held to be present following the Markman hearing.

In its opinion denying Thomson's motion, the district court described evidence in the record supporting the jury's finding of anticipation for each of the limitations that Thomson asserted had not been proven to be present in the MCA videodisc. See Thomson I, 979 F. Supp. at 292-98. The court noted that the evidence supporting the anticipation finding came from one or more sources: the live testimony of two people who had worked on the MCA laser videodisc project; an expert's report and portions of his deposition testimony, both of which were read into the record" the expert's exhibits-, and certain MCA documents that the expert had reviewed. Id. at 288, 292-98. The court concluded that substantial evidence supports the jury's finding that Quixote had shown, by clear and convincing evidence, that every limitation in the representative claims was anticipated by the MCA device. Id. at 295, 298.

Thomson appeals the district court's denial of its motion for JMOL.

ANALYSIS

JMOL is appropriate when "a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue." Johns Hopkins Univ. v. CellPro, Inc., 152 F.3d 1342, 1353, 47

USPQ2d 1705, 1713 (Fed. Cir. 1998) (quoting Fed. R. Civ. P. 50(a)(1)). We review a denial of a motion for JMOL de novo by reapplying the JMOL standard. See Markman v. Westview Instruments, Inc., 52 F.3d 967, 975, 34 USPQ2d 1321, 1326 (Fed. Cir. 1995) (in banc). Under this standard, we can reverse a denial of a motion for JMOL only if the jury's factual findings are not supported by substantial evidence or if the legal conclusions implied from the jury's verdict cannot in law be supported by those findings. See Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454, 46 USPQ2d 1169, 1172 (Fed. Cir. 1998) (in banc).

Thomson's first argument on appeal is that, in its memorandum opinion denying Thomson's JMOL motion, the district court essentially ignored specific claim limitations that the court had identified following the Markman hearing.[2] This argument is particularly unpersuasive given the format of the district court's opinion, in which the court began its analysis of each disputed limitation by reviewing the construction of the limitation it had made in the Markman hearing.

Thomson's core argument in support of reversing the district court's denial of its motion for JMOL is based on its assertions that (1) the jury verdict rests upon mere testimonial evidence by the two non-party MCA employees who worked on the videodisc project, and (2) this evidence is insufficient as a matter of law to support a holding of invalidity under subsection 102(g), because such testimonial evidence by inventors of their prior invention requires corroboration. Even

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[2] Thomson does not directly attack the district court's claim construction, so claim construction is not an issue before us.

if we accept Thomson's first assertion, and further assume that the MCA employees were acting as inventors in the laser videodisc project, Thomson's argument fails because this case does not present circumstances in which there is a need for corroboration, as hereinafter explained.

We begin with the language of 35 U.S.C. § 102(g):

> A person shall be entitled to a patent unless—
>
> . . . .
>
> (g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to practice, from a time prior to conception by the other.

We have interpreted the first sentence of subsection 102(g) to permit qualifying art to invalidate a patent claim even if the same art may not qualify as prior art under other subsections of § 102. See, e.g., Checkpoint Sys., Inc. v. United States Int'l Trade Comm'n, 54 F.3d 756, 761, 35 USPQ2d 1042, 1046 (Fed. Cir. 1995); Amgen, Inc. v. Chugai Pharm. Co., 927 F.2d 1200, 1205, 18 USPQ2d 1016, 1020 (Fed. Cir. 1991).[3] Art

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[3] The interpretation of subsection 102(g) to provide a prior art basis for invalidating a patent claim in infringement litigation was not intended by the drafters of the 1952 Patent Act. As the second sentence in the subsection indicates, 102(g)

is not qualified under subsection 102(g) unless, viewed under a rule of reason, the totality of the evidence that the art satisfies the requirements of subsection 102(g) is clear and convincing. See Price v. Symsek, 988 F.2d 1187, 1194-95, 26 USPQ2d 1031, 1036-37 (Fed. Cir. 1993). We have also often held, in both interference and infringement lawsuits, that an inventor's testimony alone respecting the facts surrounding a claim of derivation or priority of invention cannot satisfy the clear and

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was written merely to provide a statutory basis for determining priority of invention in the context of interference proceedings before what was then the United States Patent Office. See P.J. Federico, Commentary on the New Patent Act at 19, in 35 U.S.C.A. (1954 ed., discontinued in subsequent volumes) (reprinted in 75 J. Pat. Trademark Off. Soc'y 161, 180 (1993)). Nevertheless, the first sentence is clear and, as the cases show, has been taken to have independent significance as a basis for prior art outside of the interference context.

This result makes sense. The first to invent who has invested time and labor in making and using the invention — but who might have opted not to apply for a patent — will not be liable for infringing another's patent on that same invention, while the public will have benefited because the invention was not abandoned, suppressed or concealed. However, in view of these and other related policy concerns, and amendment of the statute, we have made clear that art qualifying only under subsection 102(g) may not be used under § 103 to invalidate other patents of fellow employees engaged in team research. See Oddzon Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396, 1402-03, 43 USPQ2d 1641, 1644-45 (Fed. Cir. 1997) (discussing In re Bass, 474 F.2d 1276, 1290, 177 USPQ 178, 189 (CCPA 1973) and the 1984 amendments to § 103).

convincing standard without corroboration. See, e.g., Cooper v. Goldfarb, 154 F.3d 1321, 1330, 47 USPQ2d 1896, 1903 (Fed. Cir. 1998) (interference); Woodland Trust v. Flowertree Nursery, Inc., 148 F.3d 1368, 1371, 47 USPQ2d 1363, 1366 (Fed. Cir. 1998) (infringement).[4] Although courts have reviewed infringement suits in which the defendant had attempted to prove subsection 102(g)-type anticipation by a non-party inventor at trial, see, e.g., Eibel Process Co. v. Minnesota & Ontario Paper Co., 261 U.S. 45 (1923); Barbed Wire Patent, 143 U.S. 275 (1892); New Idea Farm Equip. Corp. v. Sperry Corp., 916 F.2d 1561, 16 USPQ2d 1424 (Fed. Cir. 1990), neither the Supreme Court nor we have directly held whether the corroboration rule must be applied to testimony by non-party inventors that is directed to establishing their

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[4] Thomson incorrectly argues that we extended the corroboration rule to include non-inventors in Woodland Trust. In Woodland Trust, the infringement defendant argued that the patent claims at issue were invalid under 35 U.S.C. § 102(a), testifying that the claims had been anticipated by his prior invention and public use. Thus, the corroboration rule was properly applied to the testimony of the defendant because he was a party who claimed to be an inventor. See Woodland Trust, 148 F.3d at 1369-70, 47 USPQ2d at 1365 (holding that evidence did not meet clear and convincing standard required to show anticipation, despite corroborating testimony of four witnesses, where the witnesses were related to defendant by blood or long friendship, and no corroborating physical evidence was submitted despite defendant's assertion that he had used the invention for more than ten years).

invention as anticipating the claims at issue.[5]

The cases that discuss skepticism of uncorroborated inventor testimony directed to establishing priority over an opponent's patent claim involve situations where the inventor is self-interested in the outcome of the trial and is thereby tempted to "remember"facts favorable to his or her case. See, e.g., Barbed Wire Patent, 143 U.S. at 284-85 (indicating that testifying non-party inventors' patents would increase in value if patent claims at issue were invalidated); Price v. Symsek, 988 F.2d at 1194, 26 USPQ2d at 1036 (showing that testifying inventor's interfering patent claims would be invalidated if he could not establish priority; and holding that board extended corroboration rule beyond reasonable bounds).

The clear and convincing standard of proof required to establish priority, along with the numerous methods in the Federal Rules of Civil Procedure and Evidence by which a party may test, challenge, impeach, and rebut oral testimony, normally protects patentees from erroneous findings of

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[5] This includes In re Reuter, 670 F.2d 1015, 210 USPQ 249 (CCPA 1981). In Reuter, the CCPA affirmed the Patent and Trademark Office's reissue proceeding finding that claims were unpatentable under 35 U.S.C. § 103. The Reuter court held that an expert's affidavit, in addition to deposition testimony of one of the patent's named inventors, showed a motivation to combine the cited prior art references. Thus, the court's statement that no weight should be given to an uncorroborated portion of the expert's affidavit in which the expert asserted that he had invented an anticipating device, see Reuter, 670 F.2d at 1022, 210 USPQ at 256, was dictum and therefore not controlling precedent.

invalidity. See Price v. Symsek, 988 F.2d at 1192-94, 26 USPQ2d at 1035-36 (discussing standards of proof and requiring interference junior party to establish priority by clear and convincing evidence). Thus, the corroboration rule is needed only to counterbalance the self-interest of a testifying inventor against the patentee. We therefore hold that corroboration is required only when the testifying inventor is asserting a claim of derivation or priority of his or her invention and is a named party, an employee of or assignor to a named party, or otherwise is in a position where he or she stands to directly and substantially gain by his or her invention being found to have priority over the patent claims at issue.

In the current case, the purported inventors who testified were non-parties and their testimony concerned an unpatented prior invention. Although Thomson argues that the corroboration rule is justified here because both testifying witnesses were involved in businesses that supplied goods and services to Quixote, this does not rise to the level of self-interest required to justify triggering application of the corroboration rule. In fact, Thomson's only reference to the record showing this potential source of bias is a transcript of Thomson's cross examination of one of the witnesses, which means that the jury had the necessary facts to assess the credibility of the witnesses.

We therefore conclude that the district court was correct in holding that substantial evidence supports the jury's finding that Quixote showed, by clear and convincing evidence, that every limitation in the representative claims was anticipated, and that the district court was correct in denying Thomson's motion for JMOL.

Finally, because we hold that the testimony of the presumed MCA inventors did not have to be corroborated, we do not reach Thomson's argument that Quixote's expert's claim charts and expert report are entitled to no weight.

CONCLUSION

In view of the foregoing, we affirm the district court's decision to sustain the jury verdict and deny Thomson's motion for JMOL.

AFFIRMED

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

THOMSON S.A.	)	
	)	
v.	)	C.A. 94-83 LON
	)	
DISC MANUFACTURING, INC. and QUIXOTE CORPORATION	)	

JUDGMENT

This action came before the court for a trial by jury. The issues have been tried and the jury has rendered its verdict. The verdict was accompanied by written interrogatories, a copy of which is attached hereto. Therefore,

IT IS ORDERED AND ADJUDGED that judgment be and hereby is entered in favor of plaintiff THOMSON S.A. and against defendants DISC MANUFACTURING, INC. and QUIXOTE CORPORATION on the issue(s) of infringement. Judgment is further entered in favor of defendants DISC MANUFACTURING, INC. and QUIXOTE CORPORATION on the issue(s) of invalidity.

/s/ JOSEPH J. LONGOBARDI
The Hon. Joseph J. Longobardi
APPROVED IN ACCORD. w/FRcvP 58

July 30, 1996

Peter T. Dalleo
Clerk

By: /s/ BRIAN K. BLACKWELL
Deputy Clerk

copies to: Charles S. Crompton, Jr., Esq.
Thomas C. Grimm, Esq.

FILED
July 30, 1996
CLERK, U.S. DISTRICT COURT
DISTRICT OF DELAWARE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

THOMSON S.A.,	)
	)
Plaintiff,	)
	) Civil Action No.
v.	) 94-83-LON
	)
QUIXOTE CORPORATION and DISC MANUFACTURING, INC.,	)
	)
	)
Defendants.	) ORDER

NOW, THEREFORE, for the reasons set forth in the Court's Memorandum Opinion issued this date,

IT IS ORDERED that:

Thomson's motion for judgment as a matter of law or in the alternative for a new trial (D.I. 307) is DENIED.

June 24, 1997

/s/ JOSEPH J. LONGOBARDI
Joseph J. Longobardi, D.J.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

THOMSON S.A.,	)	
	)	
Plaintiff,	)	
	)	Civil Action No.
v.	)	94-83-LON
	)	
QUIXOTE CORPORATION and DISC MANUFACTURING, INC.,	)	
	)	
	)	
	)	
Defendants.	)	

MEMORANDUM OPINION

Charles S. Crompton, Jr., Esquire, and William J. Marsden, Jr., Esquire, of Potter, Anderson & Corroon, Wilmington, Delaware; Of Counsel: George E. Badenoch, Esquire, Richard L. Mayer, Esquire, John Flock, Esquire, Robert F. Perry, Esquire, and Alexas D. Skucas, Esquire, of Kenyon & Kenyon, New York, New York; Attorneys for Plaintiff.

Thomas C. Grimm, Esquire, and Lisa B. Baeurle, Esquire, of Morris, Nichols, Arsht, & Tunnell, Wilmington, Delaware; Of Counsel: James B. Blanchard, Esquire, and Harold V. Johnson, Esquire, of Brinks Hofer Gilson & Lione, Chicago, Illinois; Ivan S. Kavrukov, Esquire, and Thomas G. Carulli, Esquire, of Cooper & Dunham, New York, New York; Thomas L. Giannetti, Esquire, Frances M. Lynch, Esquire, and Michael Phillips, Esquire, of Fish & Neave, New York, New York; Attorneys for Quixote Corporation and Disk Manufacturing, Inc.

June 24, 1997
Wilmington, Delaware

LONGOBARDI, Senior District Judge

Thomson S.A. ("Thomson") brought this action against Quixote Corporation ("Quixote") and Disk Manufacturing, Incorporated ("DMI"), among others, charging that the Defendants' manufacture and sale of optical disc products, including digital audio compact discs, violated four of Thomson's patents.[1] The parties agreed to base the outcome of trial on three representative claims: claims 1 and 13 of U.S. Patent 4,868,808 (the "'808 Patent") and claim 1 of U.S. Patent 5,182,743 (the "'743 Patent").[2] On June 28, 1996, this Court resolved questions of claim interpretation pursuant to Markman v. Westview instruments, Inc., 52 F.3d 967 (Fed. Cir. 1995), aff'd, 116 S.Ct. 1384 (1996). The jury trial on liability began on July 22, 1996.[3]

The trial involved three primary issues: infringement, invalidity for non-joinder of inventors, and invalidity based on anticipation by prior invention. On July 30, 1996, the jury found that all of the representative claims were literally infringed; that the reverse doctrine of equivalents did not relieve Defendants from liability for infringement; that the

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1 All other defendants settled prior to trial.

2 The other patents in suit were U.S. Patent 4,196,183 and U.S. Patent 4,175,725.

3 The case was bifurcated into liability and damages phases by order dated November 14, 1995.

patents were not invalid based on a failure to name the true inventors; but that each of the representative claims were invalid due to anticipation by prior invention, in accordance with 35 U.S.C. §102(g).

On August 13, 1996, Thomson moved under Fed.R.Civ.P. 50(b) for an order setting aside the jury's prior invention invalidity verdict and directing the entry of Judgment as a Matter of Law ("JMOL") that the patents-in-suit are each valid and infringed. In support of its motion, Thomson argues that the jury's verdict on the prior invention question was not supported by substantial evidence. In the alterative, Thomson moves under Fed.R.Civ.P. 59 for a new trial on the prior invention issue. Defendants have opposed Thomson's motions.

Thomson contends that Defendants failed to prove by clear and convincing evidence that the prior invention met each and every element of the representative patent claims. Thomson argues that Defendants diverted the jury's attention away from an inquiry into whether the prior invention contained each of the elements of the patent claims and toward an improper comparison of the development of the prior invention with Thomson's efforts to develop a commercial product.

Defendants counter that Thomson's directed verdict motion at trial failed to meet the particularity requirements of Fed.R.Civ.P. 50(b) and that Thomson failed to renew its motion after the close of all evidence. Defendants further contend that they presented "more than substantial evidence" to prove anticipation of every element of the representative claims of the '808 and '743 patents.

I.

Initially, this Court will consider whether Plaintiff's motion for judgment as a matter of law is procedurally defective. Defendants contend that Plaintiff's motion should not be considered because the specific grounds for the motion were not raised in the motion for directed verdict and because the motion was not renewed at the close of all evidence. Thomson, on the other hand, argues that the grounds for the motion were raised in its oral motion and that the motion was made at the close of all the evidence.

In making its JMOL motion, Thomson specified the judgment sought and the law and the facts supporting such a judgment. Thomson stated that it "moves for a directed verdict on the defense of invalidity based on prior invention by MCA." (Tr. 1122). In support of its motion, Thomson argued that Wilkinson and Canino did not testify "that the disk supposedly played in either June '72 or December met all of the limitations of the Tinet patent claims. And that's their burden, like clear and convincing evidence." (Tr. 1122). Moreover, Thomson asserted that "Slaten's conclusions are totally conclusory," with no facts to support them. (Tr. 1122-23). These assertions are in line with Thomson's post-trial briefing. They satisfy the requirements of Fed.R.Civ.P. 50(a)(2).

The second procedural argument made by Defendants is that Thomson did not renew its JMOL motion at the close of all evidence. This argument is without merit. When the JMOL motion was made, all of the evidence on the prior invention issue had been admitted. This is sufficient to meet the requirements of Fed.R.Civ.P. 50(b).

II.

The anticipation by prior invention issue involved the development of a videodisc by MCA Discovision, Inc. ("MCA") in 1972.[4] Defendants presented evidence that MCA successfully demonstrated a videodisc in June and December of The evidence in support of the prior invention defense came from the live testimony of Richard Wilkinson and Larry Canino and from reading Gary Slaten's expert report into the record along with portions of his deposition. Defendants also introduced into evidence certain MCA documents reviewed by Slaten. Thomson presented no witnesses regarding the MCA prior invention defense.

Richard Wilkinson and Larry Canino worked at MCA in 1972. They were two of approximately two dozen employees who were working on the development of a videodisc at MCA in the early 19701s. Wilkinson joined MCA in May 1971. (Tr. 734). Wilkinson's primary responsibility at MCA during the relevant time period was to prepare "masters," which were large glass discs, about fourteen inches in diameter, on which a thin metal film was placed. A laser was used to melt many holes, or pits, (about seven million per second) in the metal film. Wilkinson explained that the holes in the metal film had variable lengths and that the spaces were also variable. (Tr. 747). The length of the pits and spaces were directly representative of information from a television signal. (Tr. 747). After this master disc was created, a layer of negative photoresist was coated on the master in order to create a bump wherever there was a hole in the master. (Tr. 753).

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[4] The parties have stipulated that the priority date for the patents-in-suit is August 25, 1972.

These masters were designed to make replicas, which were the actual videodiscs. (Tr. 759). The replica was required to have the exact same arrangement of bumps and spaces as the master, so as to accurately represent the signal that had been recorded onto the master. (Tr. 760). When Wilkinson joined MCA in 1971, they were not yet able to replicate the masters. (Tr. 760-61). It was not until shortly before the June 1972 demonstration that MCA could replicate discs in "the regular manner." (Tr. 769).

Wilkinson testified that the scientists in his group gave two demonstrations of videodisc technology to MCA executives on June 12, 1972. (Tr. 778-80). One demonstration played a master disc and the other played a replica. (Tr. 779). Another set of demonstrations, this time public, was planned for December of 1972. The level of work at MCA between the June demonstrations and the December demonstrations, according to Wilkinson, was "very intense." (Tr. 790). The December demonstrations were designed to be "a big show biz event." (Tr. 792) The December demonstrations were, in essence, the public debut of the MCA videodisc technology. Wilkinson testified that the discs demonstrated in June and those demonstrated in December had the exact same format. (Tr. 801).

Wilkinson described much of the MCA videodisc's format. The bumps were arranged in a spiral track that extended from an innermost radius of about three inches to an outermost radius of six inches, with a spacing between the tracks of two micrometers. (Tr. 756). The widths of the bumps on the master were one micron wide or less, depending upon their radial position on the disc. (Tr. 756). At the outer radius of the disc, the bumps would get wider than one micron, yet the

pitch would remain two microns. (Tr. 848). The lengths always remained longer than the widths, regardless of where on the radius of the disc they were placed. (Tr. 757). Although the widths of the bumps generally remained the same size, with a slight variation depending upon the radius, the lengths of the bumps and spaces were continuously variable, thereby representing the information from the recorded signal. (Tr. 747, 801). Wilkinson also explained that the track pitch was two microns and the width of the track was about a micron.[5] (Tr. 757). The masters did not have a continuously reflective surface over the entire disc, but the replica discs did feature a reflective coating over the whole of the disc. (Tr. 837-38). The MCA disc retained these same dimensions and features until around 1976. (Tr. 759). Wilkinson explained that the format of the disc was "a given." (Tr. 858).

Wilkinson also described the tracking system for the disc, i.e. the way that the disc was designed to enable the light spot to remain focused on the spiral track. The laser light was kept on the track by measuring the light energy diffracting off of the disc. Although the disc at MCA was tracked by a light beam illuminating the side of the track, Wilkinson testified that the same disc could have been tracked down the center if a different player were used. (Tr. 808).

Lawrence Canino was the other live witness to testify regarding the MCA prior invention defense. Canino began work at MCA in June 1972 and continued there until 1978 or 1979. (Tr. 895-96, 903). Canino was primarily involved with the development of videodisc players at MCA. (Tr. 900, 907).

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[5] The term "pitch" means the distance between the center line of one track to the center line of another track.

He was able to describe in greater detail the tracking mechanism:

> The home player, the light was focused on the disk slightly off center, and the light from that spot was more as you got closer to the center of the track, less if it would come back to the photodetector. And as you got further away from the spot to the land area, the area without spots, more light would be reflected.
>
> So it's as if you are driving down the street and one side of the road to the left appears to be white and the right appears to be black, and all you can do is look through a whole in the floor and if it gets brighter you know you should go to the right. And if it gets darker, you know you should go to the left. And that's all that it was doing.

(Tr. 910). This side tracking system did not depend on any asymmetry of the diffraction; rather, the system measured the total amplitude of light only. (Tr. 964-65).

Canino witnessed one of the demonstrations that were held in June 1972. He explained that after the June demonstrations they worked "feverishly" between June and December of 1972 to improve the players. (Tr. 920). Canino was also present at a December demonstration, where he saw a thin replica disc played. Canino testified that in both the June and the December demonstrations, a thin replica disc was played. (Tr. 931-32).

Canino also testified regarding the format of the disc. He explained that the pitch was roughly two microns, with variable length bumps and spaces. (Tr. 929). Canino also stated that the light spot "would have to be roughly comparable in size to the pit or bump." (Tr. 962). In other words, "the spot would be as large as the bump is wide." (Tr. 962).

Defendants' expert witness on the MCA prior invention defense, Gary Slaten, did not attend trial. Instead, his expert report and deposition testimony were read into evidence, and his claim charts were also admitted. Slaten had worked at MCA from March 1973 until 1982. During that time, he established the picture quality department, managed the disc replication department, and designed and started up the disc manufacturing facility. (Tr. 1074-75). Slaten noted that the discs produced at MCA in 1973 and 1974 had the same configuration as a disc produced in 1972. He reported that the replica discs had bumps with widths of between .6 and .7 microns and were arranged in a continuous spiral track. Slaten stated in his report that the length of the bumps and spaces "varied with the frequency of the modulated carrier representing information." (Tr. 1078). The length of the bumps was greater than their widths. (Tr. 1078). The entire replica disc was coated with a reflective layer and was read with a laser focused to a spot size of approximately one micron. (Tr. 1078). Appendices to Slaten's expert report were admitted into evidence. In these appendices, his claim charts, Slaten opined that each element of each of the representative claims was present in the MCA disc.

III.

The law applicable to this dispute is fairly straightforward. A patent is presumed valid. 35 U.S.C. 5 283.

The party asserting invalidity has the burden of proof. Id. This burden is satisfied only by proving facts establishing invalidity by clear and convincing evidence. Loctite Corp. v. Ultraseal Ltd., 781 F. 2d 861, 872 (Fed. Cir. 1985); Mobil Oil Corp. v. Amoco Chems. Corp., 779 F.Supp. 1429, 1488 (D.Del. 1991), aff'd 980 F.2d 742 (Fed. Cir. 1992). The "'clear and convincing' standard of proof of facts is an intermediate standard which lies somewhere between 'beyond a reasonable doubt' and a 'preponderance of the evidence.'" Buildex Inc. v. Kason Indus., Inc., 849 F.2d 1461, 1463 (Fed. Cir. 1988).

The relevant invalidity contention for purposes of the pending motions is anticipation by prior invention, which is codified at 35 U.S.C. § 102. That statute provides in relevant part:

> A person shall be entitled to a patent unless --
>
> > (g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 102(g).

This Court charged the jury on the law applicable to a determination of the anticipation issue. (Tr. 1378-1384). The Court provided to the jury a complete copy of those

instructions. (Tr. 1388). The Court instructed the jury that every claim element must have been present in a prior invention in order for the patent to be invalid:

> **4.2 ANTICIPATION - ALL ELEMENTS**
>
> In order to prove anticipation of the invention claimed in one of the representative claims under 35 U.S.C. § 102(g), it is necessary that all the elements of the invention, as expressed in that representative claim, be found in a single prior invention and that prior invention must not have been abandoned, suppressed or concealed.

The Federal Circuit has held that "[i]t is axiomatic that for prior art to anticipate under § 102 it has to meet every element of the claimed invention, and that such a determination is one of fact." Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 1379 (Fed. Cir. 1986).

Thomson has moved for judgment as a matter of law.[6] In resolving such a motion in a case tried to a jury, this Court must examine whether there is evidence in the record upon which the jury could have properly returned the verdict of invalidity by anticipation in Defendants' favor. See Markman v. Westview Instruments, Inc., 52 F.3d 967, 975 (Fed. Cir. 1995) (en banc), aff'd, 116 S.Ct. 1384 (1996). This court must

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[6] Thomson has not claimed that there was no reduction to practice or a lack of diligence. Rather, Thomson rests its motion for JMOL on its contention that there is insufficient evidence in the record to support the jury's finding that each element of the representative claims was present in the MCA disc.

uphold all of the factual findings of the jury unless Plaintiff shows that there is not substantial evidence to support a finding in favor of Defendants. Id. The question presented is whether there is substantial evidence in the record upon which the jury could properly have found, by clear and convincing evidence, each element of the representative claims to be present in the MCA disc. In order to resolve that issue, an element-by-element examination of each representative claim is required.

IV.

As previously stated, trial involved three representative claims: claims 1 and 13 of the '808 Patent and claim 1 of the '743 Patent. Thomson divides claims 1 and 13 of the '808 patent into twenty elements:

> [1] An optical readable carrier comprising:
>
> [2] a substrate on which
>
> [3] data elements are stored
>
> [4] as a succession of projections [depressions, not complete through holes,] with respect to
>
> [5] a smooth reference surface,
>
> [6] the succession of projections [depressions] forming tracks,
>
> [7] each projection [depression] having substantially the same width,

[8] which width does not exceed 2 microns,

[9] a length equal to or greater than its width,

[10] and a closed contour in the reference surface,

[11] said closed contour being diffractive

[12] along its entire extent,

[13] wherein each of said projections [depressions] has a respective one of said data elements stored continuously along said entire length of said diffractive contour

[14] and diffraction occurs along the entire length of said data element

[15] continually indicative of the recorded information,

[16] successive data elements along a track being separated by clearance spaces,

[17] at least as long as the width of a data element, in the reference surface,

[18] with the information contained in said stored data elements being indicated by the continuous extent of each of said closed diffractive contours and by the extent of each of said clearance spaces,

> [19] the tracks being separated from one another by clearance bands in the reference surface, the tracks having a pitch from one track to the next of at least two times the width of a data element; and
>
> [20] a reflective coating on said reference surface and projections (depressions).

Thomson divides claim 1 of the '743 Patent into eight constituent elements:

> [1] An optical readable carrier comprising:
>
> [2] a substrate
>
> [3] with diffractive tracks
>
> [4] having respective longitudinal axes
>
> [5] and including at least longitudinal contours substantially parallel to said respective axes, along which contours there is deviation from a reference surface of said substrate towards zones non-coplanar with said reference surface, each of said tracks having a width of at most 2 microns,
>
> [6] said tracks being diffractive all along said longitudinal contours
>
> [7] for providing diffraction of light of a light spot illuminating one of said tracks and

> substantially occupying the width of said one track,
>
> [8] said contours of said one track providing said diffraction being such that the light emerging from the diffractive track has a spatial distribution representing an amount of track misregistration between the spot and axis of said one track.

Thomson argues that there was insufficient evidence in the record for the jury to find that the MCA disc met claim elements 7, 12, 13, 14, 15, and 19 of the '808 Patent. As for the '743 Patent, Thomson contends that there exists no substantial evidence in the record by which the jury could have found that the MCA disc contained claim elements 5, 6, 7, and 8. Each will be analyzed in turn.

A. '808 PATENT

1. ELEMENT 7

Claim element 7 requires each projection or depression to have substantially the same width. Thomson cites Wilkinson's testimony that the MCA bumps varied in width, along with their length. (Tr. 803). After a full review of Wilkinson's testimony, along with the other evidence, this Court finds that the jury could have reached the conclusion that the projections of the MCA disc had substantially the same width.

Wilkinson testified that "[t]he widths were on average about one micron, one micrometer wide or less, depending

upon what radial position you were on on the disk." (Tr. 756). Slaten reported that the replica discs had bumps with widths of between .6 and .7 microns. One of Slaten's exhibits, DX-489, stated that the bump width was 1 micron or less. In DX-493, Slaten opined that "[t]he bumps on the MCA Discovision disc had substantially the same width."

Wilkinson did testify that "[t]here was some variation in the width of the bumps, depending upon the radius of the disk. At a small radius, it was less than, and at the outer end of the disk it might be the one micron." However, his testimony was clear that "[p]it to pit width was not varying." (Tr. 877). The slight variation in width based on the radial position of the pits was one of "the kind of problems" that MCA tried to fix between the June and December demonstrations. (Tr. 853). Such variation was not part of the MCA invention. Indeed, the MCA invention, like the patented invention, depended on a substantially constant pit width. Wilkinson testified that in 1972 MCA achieved a constant pit width "for the majority of the surface of the disk." (Tr. 859).

In considering all of the competent evidence, the jury could reasonably have reached the conclusion that the widths of the projections along the track of the MCA disc were substantially the same size.

2. ELEMENT 12

Claim element 12 requires the closed contour to be diffractive along its entire extent. There is no evidence in the record that would suggest that the closed contour was not diffractive along its entire extent. Indeed, in its reply brief Thomson concedes that claim element 12 requires "that each pit

be diffractive 'along its entire extent'" and that "[t]here is no dispute that small bumps or pits an the [MCA] disc are inherently diffractive. . . ." (D.I. 313 at 8). Thomson makes the novel argument that the claim element requires the pit to be "deliberately diffractive" along its entire length. (D.I. 313 at 8). But that is not the language of the claim.

The evidence at trial showed clearly and convincingly that pits and projections are, by their very nature, diffractive along their entire extent. There is also evidence in the record, both from Wilkinson and Slaten, showing specifically that the MCA bumps were diffractive along their entire extent. (Tr. 802); (DX-493).

3. ELEMENT 13

Claim element 13 requires each of the projections or depressions in the disc, generally called "bumps" by the witnesses who testified about the MCA invention, to have "a respective one of said data elements stored continuously along said entire length of said diffractive contour." This Court instructed the jury that "[t]his means each pit must store a single data element or pulse of the bi-level electrical signal." The evidence to support the jury's verdict is overwhelming. Defense Exhibit 487 directly demonstrated the relationship of the signal to the pit. That chart shows that one pulse of the signal was represented by one pit or projection; there was a correspondence of one pulse to one projection. Wilkinson explained that the holes in the master were "continuously variable" in length and that the variability of the lengths of the holes depended upon the frequency of the information that was being recorded. (Tr. 747). The spaces were also variable in length. When asked if the variation represented thp recorded

information, Wilkinson responded, "Yes, directly." (Tr. 747). Wilkinson likened the recording of the signal onto the disc to waves in a pond:

> If you think of waves in a pond, if you throw a rock in a puddle of water, you will see waves emanating from the center. The spacing between the waves, if the waves are very close together, we call that high frequency. If the waves are far apart, that's low frequency.
>
> Same thing on the disk. If the pits were close together that was high frequency. And if the pits were farther apart, that was low frequency.

(Tr. 748).

When explaining DX-487, Wilkinson noted that the "Modulated Signal" listed in DX-487 "are the waves, just as if they were waves in the water." That modulated signal, the wavy signal, is transferred into a "square" frequency modulated wave that tells the laser when to create a hole in the reference surface. In this way the holes and spaces in the master directly represent the information contained in the frequency modulated signal. The holes and spaces that represented the signal on the MCA master disc appeared on the replica discs as projections and spaces. (Tr. 750). In addition to this evidence, Slaten submitted a claim chart in which he asserted that "[t]he bumps on the MCA DiscoVision disc were diffractive along their entire extent continually indicative of recorded information." (DX-493).

In sum, the evidence was wholly sufficient for the jury to find, by clear and convincing evidence, claim element 13 to be present in the MCA disc.

4. ELEMENT 14

Claim element 14 requires diffraction to occur along the entire length of a data element. Little additional discussion is necessary to show that there was substantial evidence in the record to support the jury's finding that claim element 14 was present in the MCA disc.

This Court explained to the jury that "[t]he term 'data element' in the claim refers to a single pulse of the bi-level signal stored on the disc, whatever that signal is, digital or analog." (Tr. 1366). As previously discussed, each bump on the MCA disc contained one data element which represented one pulse of the signal. This Court has also determined that the evidence supported the jury's decision that diffraction occurs along the entire extent of the closed contour of the bump. It necessarily follows that diffraction occurs along the entire length of the data element.

Consequently, this Court finds substantial evidence in the record to support the jury's decision that the MCA disc satisfied claim element 14.

5. ELEMENT 15

Under claim element 15 of the '808 Patent, the diffraction must be "continually indicative of the recorded information." Regarding the MCA disc, Thomson argues that the diffraction would not have been continually indicative of

the recorded information; rather, it would be intermittently indicative of the recorded information. In other words, Thomson believes that the MCA disc was read by "bump counting." In its brief, Thomson explained its bump counting theory:

> Bumps or spaces or both can vary in length as a function of frequency, and the stored frequency can thereafter be read back by merely counting the number of bumps or spaces in a given length of track. This type of information storage and playback could easily have been used at MCA, and it would be fully consistent both with the appearance and description of the bumps in the exhibits and with the successful demonstration of video playback described in Wilkinson's and Canino's testimony.

(D.I. 308 at 25). Thomson suggested this bump counting theory in its closing argument: "What you end up doing is just counting the bumps." (Tr. 1314).

The jury rejected Thomson's theory, and there is substantial evidence in the record to support the jury's decision to do so. Wilkinson's testimony about DX-487 would be wholly inconsistent with Thomson's bump counting theory. As previously stated, DX-487 shows that one pulse of the signal was represented by one pit or projection, that there was a correspondence of one pulse to one projection. These bumps and spaces were variable in length, and that variability correlated to the frequency of the information that was being recorded. When Wilkinson was asked if the variation represented the recorded information, he responded, "Yes,

directly." (Tr. 747).

Wilkinson's explanation of the technology, including his analogy to the "waves in a pond," is inconsistent with Thomson's bump counting theory. Under the bump counting theory, the length of the bumps and spaces is not critical. In closing argument, Thomson argued to the jury:

> They're not telling you the shape of the bumps was longer or that the length varied or that's how they were storing information. They had little conical bumps they were counting.

(Tr. 1314). But Wilkinson testified that the signal was represented on the disc by the variation of the length of the bumps and spaces. The jury was entitled to rely on Wilkinson's explanation of the technology, rather than on Thomson's lawyer's arguments about the proper interpretation of the documentary evidence, such as SEM photos and subsequently filed MCA patents.

Furthermore, Slaten submitted a claim chart in which he asserted that "[t]he bumps on the MCA DiscoVision disc were diffractive along their entire extent continually indicative of recorded information." (DX-493). This opinion was consistent with Wilkinson's testimony and could have been considered by the jury in reaching their verdict. There was no countervailing opinion expressed by any other expert witness. It is hardly surprising that in the absence of an expert opinion to give legitimacy to Thomson's bump counting theory that the jury found the testimony from Wilkinson and the opinion of Slaten to be clear and convincing proof of invalidity.

6. ELEMENT 19

Claim element 19 in the '808 Patent requires "the tracks [to be] separated from one another by clearance bands in the reference surface, the tracks having a pitch from one track to the next of at least two times the width of a data element." There is no real dispute that the MCA disc had tracks that were separated from one another by clearance bands in the reference surface. The question is whether the dimensional limitations of this claim element were met; i.e. , whether the track pitch was two times the width of a data element.

The term "pitch" means the distance between the center line of one track to the center line of another track. The tracks were separated by clearance bands so that the light spot would interact with only one track at a time. Without clearance bands, there would be cross-talk from tracks other than the one that the light spot was attempting to follow. The dimensional limitations regarding track pitch, in conjunction with the patent's limitation on light spot size, served to reduce the potential for cross-talk.

Wilkinson testified that "[t]he widths [of the MCA disc] were on average about one micron, one micrometer wide or less, depending upon what radial position you were on on the disk." (Tr. 756). Slaten reported that the replica discs had bumps with widths of between .6 and .7 microns. One of Slaten's exhibits, DX-489, stated that the bump width was 1 micron or less. Based on this testimony, the jury could have concluded that the track width was anywhere from .6 microns to 1 micron.

In order for claim element 19 to be satisfied, the track

pitch would need to be at least two times the width of a data element. Because the data elements were from .6 to 1 micron wide, the track pitch would have to be at least 1.2 to 2 microns wide. The testimony and exhibits introduced into evidence support the jury's determination that the MCA disc met the dimensional limitations of claim element 19. Wilkinson testified that the disc format "came from doing arithmetic on the market requirements." (Tr. 815). He explained that the "arithmetic tells you that the track pitch must be two microns." (Tr. 758). Wilkinson's chart, DX-489, supports his testimony. It explains that the MCA Disc had a "[b]ump width [of] 1 micron or less" and had a "track pitch [of] 2 microns." (DX-489).

Other evidence supports the jury's verdict. Canino testified that the track pitch was "[t]wo microns roughly." Similarly, a later-filed MCA patent describes the disc format as "approximately 1 micron in width" with a "track to track spacing of approximately 2 microns." (DX-90, col. 1, line 60 - col. 2, line 4). From all of this evidence, it was perfectly reasonable for the jury to conclude that the tracks on the MCA disc had a pitch from one track to the next of at least two times the width of a data element.

To conclude, there was substantial evidence in the record to support the jury's finding, by clear and convincing evidence, that each claim element of the '808 Patent was present in the MCA disc.

B. '743 PATENT

1. ELEMENT 5

Under claim element 5, a disc must include "longitudinal contours substantially parallel to said respective axes, along which contours there is deviation from a reference surface of said substrate towards zones non-coplanar with said reference surface, each of said tracks having a width of at most 2 microns." Thomson believes that the MCA disc does not contain longitudinal contours substantially parallel to the track axes. (D.I. 308 at 26).

Thomson's expert, Leonard Laub, testified that longitudinal contours are represented on figure 2 of the '743 Patent by dashed lines that connect the edges of the successive features, which in the case of the MCA disc would be the bumps. In order to satisfy this claim element, the contours of the bumps would have to be both longitudinal and substantially parallel to the track axes. There is substantial evidence in the record to support the jury's decision that the contours were longitudinal. Wilkinson testified that the bumps "were always longer than their width." (Tr. 756). in his chart, Wilkinson explained that "[b]umps are longer than wide." (DX-489). The jury could have decided, based on this testimony, that the MCA disc featured longitudinal contours.

There was also testimony to support the jury's finding that these longitudinal contours were substantially parallel to the track axes. This Court explained to the jury that the longitudinal axis could be "any arbitrary reference that follows along the length of the track, such as the centerline of the track." This claim element therefore requires the longitudinal

contours to be parallel to each other and to the centerline. To further explain, if one were to draw lines connecting the longitudinal contours, the resulting drawing should resemble train tracks. The "rails" of the tracks would need to be substantially parallel. Because the bumps are substantially the same width, the longitudinal contours would be parallel to the track axis. Furthermore, Slaten explained in his claim charts that "[t]he bumps on the MCA DiscoVision disc were elongated and arranged with their longitudinal contours parallel to the direction of the track." Based on all of this evidence, and the reasonable inferences to be derived therefrom, the jury could have determined that the MCA disc had longitudinal contours substantially parallel to the track axes.

2. ELEMENT 6

Under claim element 6, the tracks must be "diffractive all along said longitudinal contours." There can be little question that this claim element was present in the MCA disc. When asked about claim element 6 at trial, Plaintiff's expert, Leonard Laub, compared it to claim elements 11 and 12 of the '808 Patent:

> This is slightly different wording, but the same story as a similar part of the '808 claims that we were looking at. That, again, this goes back to the notion that wherever you fall on a pit the light is diffracted.

(Tr. 406).

In accordance with claim element 7, the patent required a "light spot illuminating one of said tracks and substantially

occupying the width of said one track." The light spot had to be roughly equal to the width of the track. Assuming that claim element 7 was met, with a light spot of that size striking bumps that were between .6 to 1 micron wide, the entirety of the longitudinal contours would be illuminated. Wilkinson testified that the bumps had "a very powerful diffractive effect on the light." (Tr. 802). Slaten's claim chart also supports the jury's finding. That chart states that "[t]he bumps on the MCA Discovision disc were diffractive along their entire extent." (DX494). In sum, the jury's decision on claim element 6 of the '743 Patent is supported by substantial evidence.

3. ELEMENT 7

Claim element 7 explains that the purpose of having tracks that are diffractive all along their longitudinal contours is "for providing diffraction of light of a light spot illuminating one of said tracks and substantially occupying the width of said one track." After the Markman hearing, this Court held that "the term 'substantially occupying the width of said one track' means that the light spot must be roughly equal to the width of the track." A more exact definition of light spot size was not mandated by the patent claims, specification, or prosecution history.

There was substantial evidence in the record to support a finding that the light spot size was roughly equal to the width of the track. Slaten stated that the MCA replica disc was read with a laser focused to a spot size of approximately one micron. (Tr. 1078). As previously noted, there was much testimony to the effect that the bumps were about 1 micron wide. The jury could have inferred from this testimony that the light spot was roughly equal in size to the width of the bumps.

Moreover, Canino testified that the light spot was the same size as the width of the bumps. During cross examination, Canino corrected Thomson's counsel's drawing of a light spot, stressing that the spot size equalled the bump width:

> But the spot would be as large as the bump is wide. It's not like have you [sic] a little spot and it's off to the center. So if you're going to draw it, it should be as big around as the spot is wide.

(Tr. 962). It is undisputed that the MCA disc was designed to illuminate one track at a time.

Slaten's claim chart states that "[t]he bumps on the MCA DiscoVision disc provided diffraction of a light spot which had a diameter greater than the width of one track." This is consistent with Slaten's other testimony, that the bumps were around .6 or .7 microns in width and that the light spot size was approximately 1 micron in diameter. The jury reasonably could have found that a .6 or .7 micron bump is roughly equal to a 1 micron light spot. Alternatively, the jury could have determined that the bump was about 1 micron wide, which was the preponderant testimony, and that the light spot size was also about 1 micron.

Therefore, substantial evidence exists in the record to support the jury's finding that claim element 7 of the '743 Patent was present in the MCA disc.

4. ELEMENT 8

Under claim element 8, the longitudinal "contours of said one track providing said diffraction" must be such that "the light emerging from the diffractive track has a spatial distribution representing an amount of track misregistration between the spot and axis of said one track." The disagreement between the parties on this point is whether the asymmetrically shifting spacial distribution of the light coming off the track of the MCA disc represented an amount of track misregistration. Defendants contend that, although the tracking system used by MCA did not work by asymmetry of diffraction, the disc itself did have an asymmetry of diffraction that represented an amount of track misregistration. On the contrary, Thomson argues that the asymmetrically shifting spatial distribution of the light diffracted from the MCA disc could not reliably indicate track misregistration.

Leonard Laub aptly described the concept of spatial distribution:

> The blob of light could be called in these exalted terms a spatial distribution. Distribution means you spread something out. Spatial distribution means you spread it out over space.
>
> So if I spill this water on the table, I have made a spatial distribution of water. If it's a nice round blob of water that's fine. If there's more water on one side than the other, then it's a spatial distribution which is not symmetrical. It's bigger on this side or that.

(Tr. 414).

Canino testified that the MCA disc had an asymmetry of diffraction, i.e., an asymmetrical spatial distribution of light, but that the MCA "system" did not use that spatial distribution to keep the light spot on track:

> It's a true statement that the entire system did not work by asymmetry of diffraction. And, as I just explained, it worked by measuring amplitude or power of the signal only. The disc itself had asymmetry of diffraction, but the entire system did not work that way.

(Tr. 966). Canino explained that the MCA tracking system worked by measuring the amplitude or power of the signal. He explained that "the light was focused on the disk slightly off center, and the light from that spot was more as you got closer to the center of the track, less if it would come back to the photodetector. . . . [A]s you got further away from the spot to the land area, the area without spots, more light would be reflected." (Tr. 910).

It is clear from the record that MCA did not keep the light spot on track by measuring the spatial distribution of light emanating from the disc. But that is not the issue. The patents at issue relate to the structure of a disc, not to the player or overall "system." Under the '743 Patent, the spatial distribution of light coming off the track is required by the patent to represent an amount of track misregistration. If the spatial distribution of light coming off the track of the MCA disc represented an amount of track misregistration, it would meet claim element 8 even though the player that MCA had

developed did not utilize this information. The issue is whether the distribution of light could have been used by a properly constructed player to indicate when the light spot has gone "off-track."

There is at least some evidence in the record to support the jury's decision that this claim element was met in the present case. Slaten opined in his claim chart that "[t]he contours of the track on the MCA DiscoVision disc were such that the light emerging from the diffractive track represented an amount of track misregistration between the spot and the axis of the track." (DX-494). The jury reasonably could have given Slaten's opinion great weight. After all, Slaten had worked at MCA for approximately nine years, beginning in March 1973. During his tenure at MCA, Slaten managed the disc replication department, among other things. (Tr. 1074-75). Certainly, Slaten was familiar with the MCA disc, and he stated that the discs produced at MCA in 1973 and 1974 had the same configuration as discs produced in 1972. The jury could reasonably have accepted Slaten's expert opinion, the only one given on this issue, that the MCA disc met claim element 8 of the '743 Patent.

The jury would have evaluated Slaten's opinion in the light of the other evidence produced. The other evidence is consistent with Slaten's opinion. As has already been explained, there was substantial evidence in the record to support the jury's finding that the MCA disc had the same structure as the patented invention. It would be odd if a disc with the same structure somehow diffracted light in a different way. To be within this claim element, the disc was required to diffract light in a manner that represented track misregistration. The invention contemplates that the way in which light is

diffracted is dependent upon the structure of the disc. Because the MCA disc had essentially the same structure as the patented invention, the jury could reasonably have inferred that the MCA disc diffracts light in the same way as the patented invention; i.e. , in a way that represents track misregistration.

Such an inference would be supported by Wilkinson's testimony which explained that the MCA disc could have been tracked down the center, which can be equated to tracking by measuring the spatial distribution of light, if another player had been used:

> Q. Was whether one tracks down the center of the track or the side of the track related the player or the disk?
>
> A. The player.
>
> Q. Could the same disk be tracked down the center or the side of the track?
>
> A. Yes. If the player were equipped to do so, certainly.
>
> * * *
>
> Q. Would modifications of the disk be necessary to do that?
>
> A. No.

(Tr. 807-08). Later, Wilkinson explained that the problem with tracking down the center was that the MCA player used

only a single photodetector. (Tr. 847). Canino also testified that the MCA player simply was not capable of receiving "information about the asymmetry of diffraction which the disk causes." (Tr. 965). The gist of all of the testimony is that the disc gave off an asymmetric spatial distribution of light that could have been used to keep the light spot on track if MCA had developed a two photodetector player that could have measured the spatial distribution of light emanating from the disc. Because it is the structure of the disc (not the design of the player) that is addressed by the patents in issue, the jury reasonably could have determined that the MCA disc satisfied this final claim element. Especially since there was a dearth of competent evidence to lead the jury away from this conclusion, the jury could reasonably have found the evidence to be clear and convincing that claim element 8 of the '743 Patent was met.

In sum, the MCA disc contained all of the claim elements of the '743 Patent.

V.

Thomson further argues that Defendants improperly misled the jury into deciding the prior invention issue based on who was ahead in the laboratory rather than whether there was clear and convincing evidence to show that MCA's disc met every element of the representative claims.

Much of the Defendants' argument did deal with marginally relevant or irrelevant material, but much of it was provoked by irrelevant matter introduced by Thomson. Thomson opened the door, and Defendants walked through it. Surprisingly, Thomson has not identified one objection made and overruled in regards to the relevance of any of the questions

or statements of Defendants' counsel that are now at issue. Thomson did not request a special instruction addressing its concerns, and Thomson does not contend that the jury instructions led the jury astray.

In fact, the jury instructions given by the Court diminished the arguably prejudicial effect of defense counsel's questions and comments which may have been objectionable. This Court instructed the jury both before and after trial that counsel's arguments and questions are not evidence. (Tr. 32; 1356). Another instruction informed the Jury that "[i]t is not necessary that plaintiff make CD's in order for you to find infringement of the claims by defendant's products." (Tr. 1373). Finally, the jury was given a proper instruction on anticipation:

> **4.2 ANTICIPATION - ALL ELEMENTS**
> In order to prove anticipation of the invention claimed in one of the representative claims under 35 U.S.C. § 102(g), it is necessary that all the elements of the invention, as expressed in that representative claim, be found in a single prior invention and that prior invention must not have been abandoned, suppressed or concealed.

At no time was the jury instructed that the issue of who was ahead in product development was in any way relevant.

In reviewing the jury's decision on patent validity, this Court must presume that the jury made the proper findings to support its verdict. Shearing v. Iolab Corp., 975 F.2d 1541, 1544 (Fed. Cir. 1992). The jury was properly instructed on the law. It must be presumed that they followed the Court's instructions and disregarded the arguments and questions of

counsel that did not help them-resolve the questions they were charged to decide. Because there is substantial evidence in the record from which the jury reasonably could have decided, as they did, that Defendants proved that the MCA disc was a prior invention meeting all of the elements of the representative claims, Thomson's motion for judgment as a matter of law will be denied.

VI.

Thomson moves in the alternative for a new trial on the prior invention issue. In support of its motion, Thomson makes three arguments: (1) Defendants, failed to present clear and convincing evidence that the MCA disc met all elements of the representative claims; (2) the Court erred in refusing to charge that corroboration was required for the oral testimony of Canino and Wilkinson; and (3) the Court erred in refusing to allow Plaintiff to present testimony on its licensing program.

Thomson's first argument has already been resolved. This Court has ruled that there was substantial evidence in the record to support the jury's decision that Defendants proved by clear and convincing evidence that the MCA disc met all elements of the representative claims.

Next, Thomson argues that this Court should have instructed the jury that corroboration was required for the testimony of Wilkinson and Canino. This Court refused to charge the jury that corroboration was required because corroboration is necessary only for the testimony of an inventor. It is undisputed that Wilkinson and Canino were not the inventors of the MCA disc. The Federal Circuit has consistently held that only an inventor's testimony needs to be

corroborated. Price v. Symsek, 988 F.2d 1187, 1195 (Fed. Cir. 1993) ("Only the inventor's testimony requires corroboration before it can be considered"); Holmwood v. Sugavanam, 948 F.2d 1236, 1239 (Fed. Cir. 1991) ("Only an inventor's testimony needs corroboration"); Borror v. Herz, 666 F.2d 569, 573 (CCPA 1981) ("[I]t is only the inventor's testimony that cannot stand alone").[7]

Thomson seems to suggest that these repeated statements by the Federal Circuit are dicta because they were announced in cases in which the inventor's testimony was challenged as being insufficiently corroborated. (D.I. 308 at 37). Thomson misconstrues some of the relevant precedent. Two cases refute Thomson's argument. See Holmwood v. Sugavanam, 948 F.2d 1236 (Fed. Cir. 1991); Tolle v. Starkey, 255 F.2d 935 (CCPA 1958).

The case of Holmwood v. Sugavanam, 948 F.2d 1236 (Fed. Cir. 1991), involved an appeal from a decision of the Board of Patent Appeals and Interferences ("Board") relating to an invention of a chemical fungicide. The Board had held that

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[7] The complete relevant quote in Borror follows:

> It is only in relationship with an inventor's testimony that the sobriquet "corroborator" is appropriate. The testimony of witnesses, other than the inventor, is not ipso facto of a subordinate nature. On the contrary , it is only the inventor's testimony that cannot stand alone.

Borror, 666 F.2d at 573.

Holmwood failed to establish a reduction to practice prior to the effective filing date of the senior party, Sugavanam. Holmwood and Sugavanam were therefore the inventors of the fungicides. The deposition testimony of Dr. Walter Zeck, a non-inventor, was introduced to establish Holmwood's reduction to practice. Dr. Zeck explained that he received Holmwood's fungicide on September 16, 1980, and evaluated that compound's fungicidal effectiveness. At trial, Dr. Zeck testified about the effectiveness of Holmwood's invention. The Federal Circuit held that the Board's discussion of corroboration in the context of evaluating Dr. Zeck's testimony was misplaced:

> The Board also characterized Dr. Zeck's testimony as lacking "sufficient corroboration." The Board's use of the term "corroboration" is misplaced. Only an inventor's testimony needs corroboration. Borror v. Herz, 666 F.2d 569, 573, 213 USPQ 19, 22 (CCPA 1981). Dr. Zeck's testimony did not require "corroboration" as that term is used in interference practice. Rather, the Board must view the evidence as a whole to determine if the inventor's story withstands careful examination. Holmwood offered Dr. Zeck's testimony and the test results as corroboration for his reduction to practice in the United States before October 16, 1981.

Holmwood, 948 F. 2d at 1239-40. Consequently, the Federal Circuit reversed the Board. Id. at 1240.

A similar situation occurred in Tolle v. Starkey, 255 F.2d 935 (CCPA 1958). That case was also an appeal from a

decision of the Board which awarded priority of invention to William A. Starkey over Vance W. Tolle and Paul E. Ludy. On August 1, 1944, Tolle, Ludy, Starkey and Edwin M. Ransburg had participated in some experiments regarding the electrostatic coating of steering wheels. The novel feature of the invention was to apply the coating to the wheels while they were at an elevated temperature. Ransburg, a non-inventor, testified that Tolle and Ludy suggested drying the wheels by placing them in an oven for about one minute, but this resulted in no improvement. Ransburg further testified that it was Starkey who decided to heat the wheel for thirty minutes, which did improve the coating. Tolle and Ludy argued that Ransburg's testimony about Starkey's thirty-minute heating was "not corroborated and therefore cannot be accepted as sufficient." Tolle, 255 F.2d at 938. The court rejected this argument:

> [T]he rule which requires corroboration of an inventor's testimony does not apply to a single witness testifying after the death of the inventor, as to disclosures made to him by the inventor.

Id. at 938. In Tolle, as in Holmwood, the court held that a non-inventor's testimony need not be corroborated.

The law is clear. This Court's ruling that the testimony of Wilkinson, Canino and Slaten needs no corroboration will stand. No new trial is warranted on that ground.

Thomson's third and final basis for requesting a new trial is that this Court refused to allow Thomson to present testimony on its licensing program. Thomson argues that Defendants repeatedly made improper references throughout the trial to the failure of Plaintiff's technology, the differences

between compact discs and Plaintiff's video discs, and the role of other companies in developing and administering the standards for CDs. Thomson argues that a particular remedy should have been awarded for this wrong:

> Plaintiff submits that the only possible way to overcome the prejudicial impact of these improper references was to permit [] plaintiff to present evidence in rebuttal on its licensing program, thereby showing that, whatever the merits of plaintiff's commercial product, whatever its differences from CDs, and whatever the role of others in developing CDs, plaintiff has indeed been recognized by the rest of the industry as making an important contribution to the technology of CDs, and the rest of the industry recognizes that contribution by paying tribute to the patents-in-suit.

(D.I. 308 at 38- 39).

Thomson's argument must be rejected for a number of reasons. First, allowing evidence of the licensing program was clearly not the "only possible way" to overcome any prejudicial effect of Defendant's statements. Under Fed.R.Evid. 403, "evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury. . . ." The remedy of Rule 403 is the exclusion of improper evidence, not the inclusion of countervailing irrelevant and prejudicial evidence. Thomson has identified not a single instance in the record where Thomson made a Rule 403 objection to the allegedly prejudicial evidence of which it now complains.

Nor has Thomson contended that it requested a special instruction from the Court which might have alleviated any unfair prejudice which might have existed. After Defendants' opening statement, where most of the allegedly prejudicial statements were made, Thomson requested a sidebar. In that sidebar, Thomson did not address any allegedly improper references to the failure of Plaintiff's technology, the differences between compact discs and Plaintiff's video discs, and the role of other companies in developing and administering the standards for CDs. Rather, Thomson argued that Defendants improperly said that the patent was invented long ago and that compact discs were digital, not analog. Even then, Thomson argued that "the only way we can get back on track is if I'm briefly allowed to have a rebuttal opening about the Thomson license and bring the Thomson license in." (Tr. 95-6). The Court declined to allow the rebuttal opening but suggested the possibility of dealing with any problem through the testimony of witnesses and the jury instructions. (Tr. 97).

Thomson's continuing efforts to introduce evidence of its patent licensing program resulted from Defendants' tactical decision to drop its obviousness defense. Thomson's licensing program would have been relevant to the issue of commercial success in an obviousness defense but was totally irrelevant to the defense of anticipation by prior invention. Despite its lack of relevance, Thomson pushed hard for its inclusion in the case. Such evidence was irrelevant to the case and was properly excluded. Therefore, Thomson's motion for a new trial will be denied.

STATUTORY PROVISIONS INVOLVED

35 U.S.C. § 102 provides:

> **§ 102 Conditions for patentability; novelty and loss of right to patent**
>
> A person shall be entitled to a patent unless--
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or
>
> (c) he has abandoned the invention, or
>
> (d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or
>
> (e) the invention was described in a patent granted on an application for patent by another filed in the

United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 104 (1972) provides in relevant part:

§ 104 Invention made abroad

In proceedings in the Patent Office and in the courts, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country, except as provided in section 119 of this title.

35 U.S.C. § 119 provides in relevant part:

§ 119 Benefit of earlier filing date; right of priority

(a) An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed; . . . .

Supreme Court, U.S.
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No. 98-1719

IN THE

Supreme Court of the United States

THOMSON S.A.,

Petitioner,

v.

QUIXOTE CORPORATION and
DISC MANUFACTURING, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

THOMAS L. GIANNETTI
Counsel of Record
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
(212) 596-9000

Of Counsel:

FRANCES M. LYNCH
NICHOLAS J. SHAW
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
(212) 596-9000

HAROLD V. JOHNSON
BRINKS, HOFER, GILSON & LIONE
455 North Cityfront Plaza Drive
Chicago, Illinois 60611
(312) 321-4200

Attorneys for Respondents

153170

Counsel Press LLC
FORMERLY LUTZ APPELLATE SERVICES
(800) 274-3321 • (800) 359-6859

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COUNTERSTATEMENT OF QUESTIONS PRESENTED

1. Whether this Court should grant a petition for certiorari to review a decision of the Federal Circuit allegedly in conflict with an earlier opinion of that Court, where the Petitioner did not request a rehearing en banc below and where, in rendering the later decision, the Federal Circuit expressly considered and correctly distinguished its earlier opinion.

2. Whether this Court should grant a petition for certiorari to review the Federal Circuit's decision not to extend that Circuit's rule requiring corroboration of testimony from an interested inventor in patent cases to a case involving disinterested non-party witnesses who were not, in any event, inventors.

STATEMENT PURSUANT TO RULE 29.6

Respondent Quixote Corporation has no parent companies but is the parent company of Respondent Disc Manufacturing, Inc.

There are no publicly held companies that own 10% or more of the stock of either corporate respondent.

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Appendix — Federal Circuit Rule 35(a) 1a

INTRODUCTION

Nothing in this case compels this Court's discretionary intervention. It presents no inter-circuit conflict or a conflict with any decision of this Court. Nor is the decision below, on a matter peculiarly within the Federal Circuit's expertise, in conflict with any Federal Circuit authority or otherwise of such importance as to merit the extraordinary grant of certiorari. And contrary to Petitioner's exaggerated claims, the patent system is not on the verge of collapse as a result of the decision below.

The petition in this case relates to the exact boundaries of a rule of evidence specific to patent cases: the corroboration rule applied by the Federal Circuit in examining the adequacy of evidence supporting a finding of patent invalidity due to prior invention by another, pursuant to 35 U.S.C. § 102(g). This rule relates to the assessment of the credibility of an inventor's testimony, and requires corroboration of the testimony of an interested inventor. Petitioner contends, contrary to the holding of the Federal Circuit below, that there should be a mandatory requirement that *all* testimony as to prior invention be corroborated, even where the witness is a disinterested non-party to the litigation.

Petitioner's main argument, that the holding below creates an unjustified exception to a long-standing rule of importance to our "first to invent" patent system, is unavailing. As the opinion below makes clear, there is no such long-standing rule: neither the Supreme Court nor the Federal Circuit has applied the mandatory corroboration rule for inventor testimony to the situation here, where the witnesses were disinterested non-parties. Thus, no rule has been overturned or done away with, nor has a special

exception been carved out; the Federal Circuit has simply declined to extend its present rule, applicable only to inventors, to the new circumstances presented by this case of first impression. This case involves the apparently rare situation where the testifying witnesses were not parties, not inventors, and were not interested in the outcome. The patent system has not been placed in dire jeopardy by this non-extension of the existing rule.

Petitioner's second argument, that the holding is inconsistent with the Federal Circuit's recent decision in *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368 (Fed. Cir. 1998), is equally unavailing. The Federal Circuit panel perceived no clash, noting and carefully distinguishing *Woodland Trust* without dissent. Petitioner did not request en banc review, the proper initial procedure for resolving intra-circuit conflicts, to correct the alleged inconsistency. Nor did a majority of the active members of the Federal Circuit perceive any inconsistency in the panel decision, for they did not order sua sponte a hearing en banc under Federal Circuit Rule 35(a).

Finally, Petitioner's request should be denied because the issue Petitioner attempts to raise is unsupported by the facts of this case. In short, Petitioner urges this Court to extend the corroboration rule to *all* inventors, disinterested or not. Even if this Court were to extend the existing rule to all inventors, the new rule would be inapplicable here because it is "undisputed" (as the District Court noted) that Respondents' witnesses were *not* inventors. The Federal Circuit chose, for the purposes of argument, to assume the opposite in order to demonstrate to Petitioner that *even with the benefit of that assumption* (among others), Petitioner could not win. Petitioner's hypothetical argument does not

warrant this Court's review. Petitioner's further suggestion of an even broader rule, requiring "contemporaneous physical corroboration" for *all* prior invention, is a proposal unsupported by the prevailing law of this Court or the Federal Circuit, including *Woodland Trust*.

The petition should be denied.

COUNTERSTATEMENT OF THE CASE

A. The Proceedings In The District Court

The facts of the case are set out in detail in the memorandum opinion of District Judge Longobardi denying Petitioner's post-trial motion for judgment as a matter of law and new trial (Br. 17a-55a).[1] However, it is necessary to review the proceedings below to correct certain inaccurate assertions of fact made by Petitioner.

The jury found each of Petitioner's patents invalid under 35 U.S.C. § 102(g) as being anticipated by MCA's prior work on videodiscs.

As the record reveals, MCA's work was not "secret prior art" or the "private thoughts" of an inventor as Petitioner repeatedly asserts. The videodisc developed by MCA in 1972 was disclosed to numerous employees such as Richard Wilkinson and Larry Canino, both of whom testified at trial, and to company executives. The disc was later publicized and developed into a commercial product known today as the laserdisc (A884-85, 866-67, 1020). Petitioner stipulated that its own videodisc researchers were

1. Cited portions of the parties' Joint Appendix submitted to the Federal Circuit are cited as "A__." Cited portions of the Petition for Writ of Certiorari and its Appendix are cited as "Br. __."

aware of the 1972 demonstrations of the MCA disc (A4082), and admitted that three of its senior technical executives attended the December 1972 demonstration at MCA (A745-47).

At trial, Petitioner claimed victory in a technical race, sparked by the invention of the laser in the 1960s, to invent optical storage disks for video (A129-30). But the evidence — uncontroverted by any witness for Petitioner — established that the real victor of the race to develop the videodisc was MCA, not Petitioner. Indeed, in June and December 1972, when MCA successfully demonstrated a full-color videodisc, Petitioner was unable even to display a black and white still picture with its own videodisc technology (A246-47).[2]

Petitioner filed its patent application in August 1972, two months after the successful MCA demonstration in June 1972. Petitioner filed its application after it learned that MCA had already conducted a successful demonstration to its executives and was planning further demonstrations (A324-33).

MCA's prior work was established by the evidence of three witnesses, Messrs. Wilkinson, Canino and Slaten, supported by documentary evidence.[3] None of the three

2. Petitioner did *not* invent the CD, contrary to the suggestions in the petition. Instead, the development of the CD is credited to Philips Electronics and Sony Corporation. Petitioner never even developed a commercially successful videodisc product. Further, the patent licensing activities relied upon in the petition were excluded by the District Court as irrelevant (A98-102).

3. Petitioner's argument that the Federal Circuit relied upon the testimony of only one witness, Wilkinson, is flatly contradicted by the Federal Circuit's opinion which relied on both Wilkinson and Canino (e.g., Br. 8a).

witnesses was an inventor of the MCA disc. Wilkinson was an employee of MCA who worked on the preparation of optical discs (A823-24). He testified in detail as to the features of the discs and the method by which they worked. He witnessed a successful demonstration of the disc for high-ranking company executives in June 1972 (A868-75). He also identified prototype players resembling those used to play the discs in 1972 and MCA players that were commercially sold for some years, including to government institutions and M.I.T. (A862-68).

Canino, also an MCA employee at the time of the 1972 demonstrations, had personal knowledge of the MCA disc through, inter alia, studying it under a microscope at the time (A1018-19). He also testified in detail as to the structure and format of the MCA disc.[4] Canino witnessed the June 1972 demonstration (A1001-07) and was a key figure in a December 1972 demonstration at which the MCA disc was revealed to a wider public, including entertainment industry figures and other guests such as the head of Petitioner's research laboratory and two other senior technical executives of Petitioner (A745-47). Canino also participated in numerous public demonstrations that occurred after the December 1972 demonstration (A884-85, 1020).

Neither Wilkinson nor Canino was an inventor of the MCA disc; indeed, the District Court considered this fact to be "undisputed" (Br. 50a). Neither was an employee or otherwise associated with Respondents, who were the

4. Petitioner creates the impression that Canino's testimony was stricken from the record. In total, only a few answers were stricken and, indeed, Judge Longobardi extensively relied upon Canino's testimony (e.g., Br. 24a).

defendants below. As the Federal Circuit correctly concluded, they were disinterested non-party witnesses (Br. 12a).

Gary Slaten joined MCA as an employee in 1973. His expert report, which was read into the record, relied upon extensive documentary evidence such as MCA research reports, patents and specification sheets.[5] It also relied upon an electron microscope photograph of an MCA disc and Slaten's personal knowledge of the discs, acquired during his time at MCA.[6]

In addition, Respondents introduced into evidence numerous MCA documents, including those relied upon by Slaten.[7] For example, the MCA disc was also described in a contemporaneous MCA patent filing on its player technology and in a fact sheet from the December 1972 demonstration (A3278, 4113).[8]

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5. Petitioner's assertion that Slaten's testimony was conclusory and/or unsupported ignores the wealth of documentary and physical evidence supporting it (A3319-3612, 3829-3998).

6. Wilkinson confirmed that the format of the discs was the same in 1973 (when Slaten joined MCA) as in 1972, and indeed remained the same until about 1976 (A848-49, 891, 948).

7. Petitioner's repeated statement that no supporting physical or documentary evidence exists is a fantasy. And Petitioner's dark suggestion that some evidence was "inexplicably missing" is unjustified; there was no evidence whatsoever of spoliation.

8. These exhibits also contradict Petitioner's erroneous statement that no structural details of MCA's disc were disclosed until April 1974 (Br. 17).

In contrast, Petitioner chose to present no testimonial evidence in rebuttal to the MCA prior art defense, not even by its technical expert.

B. The Federal Circuit Opinion

The Federal Circuit, per Judge Rich, unanimously rejected Petitioner's argument that there was insufficient evidence to support the verdict of invalidity. In particular, the Federal Circuit concluded that, even if the Court were to assume: (1) that Wilkinson and Canino were inventors, *and* (2) that there was no other evidence in the case, Petitioner still would not win. The Federal Circuit based its decision on the fact that corroboration of *disinterested* non-party inventor testimony in infringement cases is not required as a matter of law, unlike the testimony of interested inventors.

The Federal Circuit viewed the issue as one of first impression:

> Although courts have reviewed infringement suits in which the defendant had attempted to prove subsection 102(g)-type anticipation by a non-party inventor at trial, neither the Supreme Court nor we have directly held whether the corroboration rule must be applied to testimony by non-party inventors that is directed to establishing their invention as anticipating the claims in issue.

(Br. 10a; citations omitted). The Federal Circuit concluded that the corroboration rule is directed to situations in which the testifying witness is an inventor who is self-interested in the outcome of the trial.[9] Hence, the Court held that the corroboration rule extended only to cases:

9. This occurs most frequently in interference proceedings, where the inventors are parties competing for patent rights and thus necessarily "interested" in the outcome.

> when the testifying inventor is asserting a claim of derivation or priority of his or her invention and is a named party, an employee or assignor to a named party, or otherwise is in a position where he or she stands to directly and substantially gain by his or her invention being found to have priority over the patent claims at issue.

(Br. 12a). The Federal Circuit held that substantial evidence existed to support the jury's verdict of invalidity.

REASONS FOR DENYING THE WRIT

I.

NONE OF THE TRADITIONAL BASES FOR GRANTING CERTIORARI ARE PRESENT IN THIS CASE.

There is no conflict between the Circuits or with any prior decisions of this Court. Furthermore, the subject matter of this petition is a specialized corroboration rule peculiar to patent cases that does not relate to substantive standards of patentability. The special competence of the Federal Circuit in this area, and the ability of the Federal Circuit to resolve any supposed inconsistency with its prior rulings without intervention by this Court, render the arguments presented by Petitioner insufficient to justify granting certiorari.

II.

CERTIORARI IS NOT APPROPRIATE TO RESOLVE ANY INTRA-CIRCUIT CONFLICT.

There is no authority for Petitioner's argument that this Court's practice of granting certiorari to resolve inter-circuit conflicts "is equally applicable to resolving irreconcilable conflicts between two Federal Circuit decisions on patent matters" (Br. 23). To the contrary, as Justice Harlan once noted:[10]

> decisions between different panels of the same Court of Appeals will not be considered to present a reviewable conflict, since such differences of view are deemed an intramural matter to be resolved by the Court of Appeals itself.

The Federal Circuit has established its own procedures for resolving any alleged conflicts. Petitioner chose not to avail itself of those procedures. Any alleged conflict between two Federal Circuit decisions should have been resolved by a request for reconsideration or a suggestion for en banc review — neither of which was sought by Petitioner. Moreover, under Fed. Cir. R. 35(a), a majority of the active members of the Court could have initiated rehearing en banc if there were a perceived conflict with other decisions of the Court.

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10. The Honorable John M. Harlan, "Manning the Dikes," 13 Record of the Ass'n of the Bar of the City of New York 541, 552 (1958), *quoted in* ROBERT L. STERN, ET AL., SUPREME COURT PRACTICE, 176 (7th ed. 1993).

III.

THE DECISION BELOW IS CONSISTENT WITH *WOODLAND TRUST.*

In *Woodland Trust,* the defendant claimed to be a prior inventor. Accordingly, the Federal Circuit required the prior inventor's testimony to be corroborated. The only corroborating testimony defendant put forward was that of "interested persons and their friends." The Federal Circuit held that, in light of all the circumstances, there was inadequate corroboration of the inventor's testimony to satisfy the "clear and convincing" standard of proof. 148 F.3d at 1371, 1373.

Thus, the *Woodland Trust* Court premised its holding on the interested nature of the witnesses, holding that "there is a very heavy burden to be met by one challenging validity when the only evidence is the oral testimony of *interested persons and their friends*, particularly as to long-past events." 148 F.3d at 1371 (emphasis added). The Court particularly noted the "relationship of the witnesses," and "the temptation to remember facts favorable to the cause of one's *relative or friend*." *Id.* at 1373 (emphasis added).

The holding of *Woodland Trust* is fully consistent with the present case. In *Woodland Trust*, the Federal Circuit held that the defendant/inventor's testimony needed to be corroborated, and was not adequately corroborated by interested witnesses. Neither Wilkinson nor Canino was an inventor, neither was a party, and

neither was interested in the outcome.[11] Their testimony does not require corroboration under *Woodland Trust*.[12]

Recognizing that the *holdings* in the present case and *Woodland Trust* are fully consistent, Petitioner instead attempts to take issue with the *facts* of *Woodland Trust*, alleging that one corroborating witness, Hudson, was in fact "disinterested." Petitioner's argument is flatly contradicted by *Woodland Trust*, which characterizes all the corroborating testimony as that of "interested persons and their friends." Nor is Petitioner's argument to the point: no challenge to *Woodland Trust* is properly before this Court.

It is not surprising that there is no inconsistency between the two cases. *Woodland Trust* was decided (and a suggestion for en banc rehearing was declined by the Court) when the appeal below was sub judice. The opinion below distinguished *Woodland Trust* without dissent, and provoked no suggestion for en banc review, either sua sponte or from Petitioner, to reconcile the two cases. Petitioner's misguided attempt to revisit the underlying facts of *Woodland Trust* merely underscores the lack of any merit to its case.

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11. Petitioner's argument that *Woodland Trust* "uphold[s] the corroboration rule for third party witnesses," is mistaken (Br. 13). Nowhere in *Woodland Trust* does the Federal Circuit state such a rule, which would contradict the well-established principle that the corroboration rule applies only to inventors. *Holmwood v. Sugavanam*, 948 F.2d 1236, 1239 (Fed. Cir. 1991); *Borror v. Herz*, 666 F.2d 569, 572-73 (C.C.P.A. 1981).

12. Even if it did, there was in fact ample corroboration of the testimony of Wilkinson and Canino by each other, and in the testimony of Slaten and the documentary and physical exhibits, all of which were cited and relied upon by the District Court (e.g., Br. 39a).

IV.

THE FEDERAL CIRCUIT HAS NOT DEPARTED FROM ANY LONG-ESTABLISHED RULE.

If a corroboration rule *applied to non-party inventors* had truly been a bulwark of the United States patent system for over a hundred years, as Petitioner claims, then one would expect to find it in the case law. But Petitioner has not cited a single case in which a Court has applied the mandatory corroboration rule to the testimony of a disinterested non-party inventor. Nor was the Federal Circuit cognizant of any such authority, treating this as a case of first impression. The ruling below does not overturn any pre-existing rule; it merely declines to change the law by extending the corroboration rule to a new arena. In short, there is no authority for Petitioner's argument that all testimony about "prior inventive activity" must be corroborated (Br. 19).

V.

THERE WERE MORE THAN ADEQUATE SAFEGUARDS WITHOUT APPLYING THE MANDATORY CORROBORATION RULE.

Petitioner fails to distinguish clearly between two distinct and separate safeguards to patent validity, namely, the high burden of proof (clear and convincing evidence) for invalidity and the corroboration rule. Concerns about the strength of oral testimony have led this Court to impose a high standard of proof. *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60 (1923). The rule requiring mandatory corroboration of an inventor's

testimony is a further safeguard above and beyond the required standard of proof. *See Price v. Symsek*, 988 F.2d 1187, 1194 (Fed. Cir. 1993).

By refusing to extend the corroboration rule to disinterested non-party inventors, the Federal Circuit has not removed the safeguards provided by this Court and opened up patents to "sudden" invalidity attacks on the basis of unreliable oral testimony as to "secret prior art." To the contrary, the Federal Circuit explicitly pointed to the high standard of proof as a safeguard that makes extension of the corroboration rule unnecessary where no self-interest is shown (Br. 11a-12a).[13]

As with any other litigant, Petitioner was protected during discovery and trial by the Federal Rules of Evidence, the Federal Rules of Civil Procedure and the high burden of proof (Br. 11a-12a). Petitioner cross-examined Respondents' witnesses in detail and had the opportunity to present expert and other evidence in rebuttal (which it chose not to do). The jury was properly instructed as to the high standard of proof which Respondents were required to meet. There was no miscarriage of justice in the decision below.

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13. In *Washburn & Moen Mfg. v. Beat 'Em All Barbed-Wire Co.*, 143 U.S. 275, 284 (1892), quoted by Petitioner (Br. 18) and discussed by the Federal Circuit in the opinion below (Br. 11a), the evidence of a prior use was held insufficient to meet the high burden of proof. 143 U.S. at 284. The Court did not impose a mandatory corroboration rule in *Washburn*.

VI.

PETITIONER GIVES INCORRECT STATEMENTS OF THE CORROBORATION RULE.

The corroboration rule has only been imposed upon inventors and does not apply to all testimony of "prior inventive activity", as Petitioner sometimes suggests. *Holmwood*, 948 F.2d at 1239; *Borror*, 666 F.2d at 572-73. Nor does the rule require that corroborating evidence consist of contemporaneous documents. *E.g.*, *Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 1461 (Fed. Cir. 1998).[14] Petitioner's claim that the Federal Circuit has breached these supposedly long-standing doctrines is thus erroneous; there is no clash of principle that this Court is required to resolve, nor need this Court intervene to micro-manage the Federal Circuit's application of the corroboration rule.

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14. Petitioner's authorities are not to the contrary, expressing only reservation as to the quality of oral testimony in certain circumstances — namely, where there are interested parties and inventors. In *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 75 (Ct. Cl. 1977), the prior inventors and corroborating witness were all employees of the defendant. *Deering v. Winona Harvester Works*, 155 U.S. 286 (1894), cited by Petitioner at Br. 19, demonstrates the imposition of a high standard of proof, not a rigid requirement of mandatory contemporaneous corroboration. 155 U.S. at 300-01. Such a requirement would fly in the face of the Federal Circuit's rule of reason, which assesses corroboration flexibly in all the circumstances of the case. *Price*, 988 F.2d at 1195.

VII.

THERE IS NO ANOMALY OR UNFAIRNESS RESULTING FROM THE RULE APPLIED BY THE FEDERAL CIRCUIT.

Petitioner suggests that an anomaly is created when the testimony of an inventor who is not an interested party may be sufficient to invalidate a patent in one case, yet insufficient in another case where the inventor is an interested party (Br. 25-26). There is no anomaly. The corroboration rule in patent cases, as in other areas of the law, is specifically designed to counter-balance the interest of a witness in a particular case, and should not apply in other cases where the witness does not have an interest.[15]

Moreover, Petitioner's complaint over the time lapse between the MCA invention in 1972 and the trial in 1996 is unjustified, as the delay was caused by Petitioner's protracted prosecution of its "submarine" patents, filed in 1972 and not issuing until 1989 and 1993. Fortunately, amendments by Congress to the patent laws prompted by public concern over "submarine" patents ensure that this situation will not arise again.[16]

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15. *See*, for instance, *Cool v. United States*, 409 U.S. 100, 103 (1972), recognizing the frailty of testimony given by an accomplice at the trial of criminal defendant, due to the accomplice's special interest in testifying.

16. 5 DONALD S. CHISUM, CHISUM ON PATENTS § 16.04[1] at 16-189 (1998) (20-year-from-filing patent term prompted by concern over submarine patents).

VIII.

PETITIONER'S ARGUMENT IS HYPOTHETICAL AND DOES NOT PROPERLY ARISE ON THE FACTS OF THIS CASE.

It was "undisputed" that Wilkinson and Canino were not inventors and therefore not subject to the Federal Circuit's mandatory corroboration rule in the first place (Br. 50a). The Federal Circuit was willing to assume that the witnesses were inventors for the purposes of argument, in order to demonstrate that Petitioner's arguments still failed under that assumption (Br. 7a-8a).

In any event, it is clear that the undisputed facts of this case cannot support Petitioner's argument. That makes the argument hypothetical and, therefore, unsuitable for the Court's review.

CONCLUSION

Respondents respectfully submit that there is no ground upon which this Court should exercise its discretion to intervene, and that therefore the petition for certiorari should be denied.

Respectfully submitted,

THOMAS L. GIANNETTI
Counsel of Record
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
(212) 596-9000

HAROLD V. JOHNSON
BRINKS, HOFER, GILSON & LIONE
455 North Cityfront Plaza Drive
Chicago, Illinois 60611
(312) 321-4200

Attorneys for Respondents

Of Counsel:

FRANCES M. LYNCH
NICHOLAS J. SHAW
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
(212) 596-9000

APPENDIX

APPENDIX — FEDERAL CIRCUIT RULE 35(a)

FEDERAL CIRCUIT Rule 35. En Banc Determination

(a) General.

(1) **Decision to Review En Banc.** A case will be reviewed en banc if a majority of the judges in regular active service agree to hear it en banc. Judges who are recused or disqualified from participating in the case are counted as judges in regular active service.

(2) **Arguing to a Panel to Overrule a Precedent.** Although only the court en banc may overrule a binding precedent, a party may argue, in its brief and oral argument, to overrule a binding precedent without petitioning for hearing en banc. The panel will decide whether to ask the regular active judges to consider hearing the case en banc.

(3) **Frivolous Petition.** A petition for hearing or rehearing en banc that does not meet the standards of Federal Rule of Appellate Procedure 35(a) may be deemed frivolous and subject to sanctions.

* * *

(3)

No. 98-1719

FILED

JUN 7 1999

CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

THOMSON S.A.,

Petitioner,

—v.—

QUIXOTE CORPORATION AND DISC MANUFACTURING, INC.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY TO BRIEF IN OPPOSITION

GEORGE E. BADENOCH
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-7200

Attorneys for Petitioner Thomson S.A.

1388

STATEMENT PURSUANT TO RULE 29.6

Petitioner's statement pursuant to Rule 29.6 may be found in its Petition for Writ of Certiorari.

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REPLY TO BRIEF IN OPPOSITION

Petitioner seeks a writ of *certiorari* because the decision below arbitrarily and illogically overturns the corroboration rule for third party witnesses, and it does so only months after the same court upheld the corroboration rule against third party witnesses in *Woodland Trust v. Flower Tree Nursery, Inc.*, 148 F.3d 1368 (Fed. Cir. 1998). The two cases are plainly inconsistent, and the status of the corroboration rule is now hopelessly muddled.

Respondents' Brief in Opposition fails to address the problem. Instead, Respondents argue that the issue is not ripe for resolution by this Court, because (i) the record below allegedly includes corroborating evidence, (ii) the corroboration rule should only apply to inventors and the witnesses below were not named as inventors, and (iii) the *Woodland Trust* case can assertedly be reconciled with the decision below, because the Federal Circuit purported to distinguish it.

Each of these arguments is without merit. First, the record contains no corroborating evidence on the only issue that matters, namely, whether the prototype video disc tested before Petitioner's priority date actually contained each of the required elements of the patent claims. On that crucial issue, there is only the uncorroborated testimony of one witness. Second, no case has ever held that the corroboration rule is limited to "inventors." On the contrary, the rule was routinely applied to witnesses who were not inventors in the *Woodland Trust* case. Third, despite the efforts of Respondents and the court below to craft a distinction, there is no way the result below can be reconciled with the facts and result in *Woodland Trust*. In *Woodland Trust*, the Federal Circuit applied the corroboration rule to non-inventor third party witnesses with no direct interest in the outcome. In this case, the same court reached the

opposite result and held that the rule does not apply to third party witnesses with no such direct interest.

The corroboration rule is extremely important in the U.S. first to invent patent system, because it safeguards valuable patents against the dangers of uncorroborated and unverifiable testimony about secret prior art. This Court should grant *certiorari* to resolve the conflict below and reinstate this important rule for all witnesses.[1]

I. Wilkinson's Testimony is Uncorroborated on the Crucial Prior Invention Issue

Respondents argue that the corroboration issue is not ripe for resolution on the facts in this case, because Wilkinson's

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[1] Respondents also argue that there is no precedent for this Court to resolve intra-circuit conflicts in the decisions of the same Court of Appeals (Opp. Br. 9), but this position is simply incorrect. *See Dickinson v. Petroleum Conversion Corp.*, 338 U.S. 507, 508 (1950) (*certiorari* granted to resolve a conflict between two panels of the same court).

Also, contrary to Respondents' implication (Opp. Br. 2), there is nothing in the rules that requires Petitioner to move for rehearing or rehearing *en banc* before petitioning this Court. In fact, it is well known that precedential opinions of the Federal Circuit are circulated to the full court before they are issued. *See* Internal Operating Procedures of the Federal Circuit, 14(3)(a) (December 1, 1998). The fact that the Federal Circuit has chosen to ignore an important conflict in its decisions does not mean that this Court should not resolve it.

testimony was allegedly corroborated by other evidence. (Opp. Br. 4-6). The problem with this argument is that none of the other evidence referred to relates to the issue.

Petitioner's patents were invalidated below solely on grounds of prior invention under 35 U.S.C. § 102(g).[2] The crucial issue in this defense was whether a particular prototype disc tested internally at MCA in June 1972 contained each of the required elements of the patent claims in suit. The June 1972 test was the only invalidating activity alleged to have occurred before Petitioner's priority date, and the only evidence on the details of the disc tested was the uncorroborated twenty-four year old recollections of one witness, Wilkinson. *A 870-875.*

Respondents' efforts to create the impression that corroborating evidence exists on this point are untenable. First, Respondents' only other fact witness, Canino, had no first-hand knowledge about the nature of the prototype disc tested in June 1972, and because of his lack of knowledge, his testimony on this issue was stricken from the record. [3] *A 994-*

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[2] The jury found (and judgment was entered) for Petitioner on all other issues. *A 40-42.*

[3] Respondents argue that only a portion of Canino's testimony was stricken and that the district court relied on other portions (Opp. Br. 5), but this is irrelevant to the issue. The issue was whether the prototype disc tested in June 1972 contained each of the elements of the patent claims, and on that issue, Canino's testimony was stricken. *A 994-996.*

Respondents' attempt to blend evidence about discs in 1972 and 1973 by summarizing Canino's testimony about "the

996. Second, although Respondents' expert Slaten tried to confuse the issue by listing various documents and physical exhibits in the general section of his report (Opp. Br. 6), he cited no evidence -- no document, no exhibit, no testimony -- in support of his comparison of the alleged prior invention with the patent claims. *A 4010-4013.* Nor could Slaten rely on personal knowledge to make up for this lack of evidence, because Slaten began work at MCA in 1973 and obviously had no personal knowledge of a prototype disc tested in 1972.[4] *A 1194-1195.* Finally, Respondents' reference to various documents and physical exhibits (Opp. Br. 6) is beside the point, because none of the physical exhibits were from 1972, and none of the documentary exhibits describe the June 1972 test or corroborate anything about the particular prototype disc tested.[5] *A 3278.*

MCA disc" (Opp. Br. 5) is misleading. It is undisputed that MCA was working on different types of discs, so that evidence about later discs cannot be substituted for evidence about the prototype disc tested in June 1972. Moreover, even if Respondents could avoid this problem by emphasizing that the disc "format" remained the same (Opp. Br. 6), this assertion still relies solely on the uncorroborated testimony of Wilkinson, who was the only witness alleged to have first-hand knowledge of the prototype disc tested in June 1972.

[4] The electron microscope photograph referred to by Respondents (Opp. Br. 6) was of a 1973 disc. *A 3674-3675.*

[5] Respondents' contention that there was a "race" to develop commercial products and that MCA was ahead of Petitioner in that race (Opp. Br. 4) is also irrelevant. Petitioner filed a patent application fully describing the invention on August 25, 1972. The only issue under §102(g) is whether

To support the prior invention defense, Respondents had the burden of proving that the prototype disc tested in June 1972 met each and every element of the patent claims. Since the only evidence they offered on this point was the uncorroborated testimony of Wilkinson, the corroboration issue is squarely presented in this case.[6]

MCA completed the same invention prior to that date.

Similarly, Respondents' contentions that others credit Philips and Sony with inventing CDs, and that Petitioner did not market a successful optical disc product itself (Opp. Br. 4), are irrelevant. Philips and Sony made other contributions to the structure of CDs later, but the basic format for storing information on CDs is covered by Petitioner's earlier patents, as is confirmed by the judgment of infringement in the case below. (Pet. 14a).

[6] Respondents' efforts to deny that the June 1972 test was secret prior art, because others inside MCA were aware of it and because MCA later publicized and marketed a commercial product (Opp. Br. 3), are without merit. In 1972, there was only a small group at MCA that knew anything about the details of the disc being tested, and Respondents prior public use defense based on their activities was rejected by the district court on summary judgment before trial. *A 77.* Moreover, the commercial product known as a laser disc (Opp. Br. 3) was based on a Philips' design and marketed much later, several years after MCA joined with Philips in 1974. *A 3626-3641.*

II. The Corroboration Rule is Not Limited to Inventors

Respondents argue that the issue of whether the corroboration rule should apply to third parties is "hypothetical" in this case, because the rule applies only to inventors, and Respondents' witnesses were not inventors.

This argument is untenable. First, the corroboration rule has never been limited to the testimony of inventors. While past decisions have stated *in dicta* that only an inventor's testimony needs to be corroborated, these statements were all made in cases where the contemporaneous documents in the record were sufficient to corroborate an inventor's oral testimony, and where the only issue was whether still further corroboration was required. [7] The courts in those cases were not faced with deciding the very different question of whether the corroboration rule should be applied to a witness because he either was or was not an "inventor." Moreover, while the issue may not have been decided in those earlier cases, it was certainly decided in the *Woodland Trust* case, where the Federal Circuit unquestionably applied the corroboration rule

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[7] The cases cited by Respondents are illustrative. In each of *Price v. Symsek*, 988 F.2d 1187 (Fed. Cir. 1993), *Holmwood v. Sugavanam*, 948 F.2d 1236 (Fed. Cir. 1991) and *Borror v. Herz*, 666 F.2d 529 (C.C.P.A. 1981), the record included oral testimony and corroborating documentary exhibits, and the only issue was whether further corroboration of the exhibits, or further corroborating testimony from missing witnesses, was also required. It is only in this context that the court stated that only an inventor's testimony needs to be corroborated.

to witnesses who were not inventors.[8]

Second, even if the rule were limited to inventors, it should still be applied to the oral testimony of Wilkinson, because he could have been named an inventor or co-inventor if MCA had filed a patent application on the work Respondents rely upon. Wilkinson recorded the information on the master disc which was used to make the replica prototype disc tested, and he was named as an inventor on other patents relating to the project in later years. *Tr. 861.* Surely the fact that MCA chose not to file a patent application on his work in June 1972 does not make his testimony more reliable or less in need of corroboration.

III. The Decision Below Cannot Be Reconciled with *Woodland Trust*

Respondents insist that the decision below and the *Woodland Trust* case are not inconsistent because the Federal Circuit itself perceived no conflict and purported to distinguish *Woodland Trust* on the ground that the *Woodland Trust* witnesses were all "interested persons and their friends." (Opp. Br. 2, 10-11).

If the facts in *Woodland Trust* are accepted as described by the court, however, there is no way the result in the two cases can be reconciled. In *Woodland Trust*, the Federal

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[8] The district court relied on Respondents' argument that the corroboration rule was limited to inventors in denying Petitioner's JMOL motion before the appeal. (Pet. 50a-53a). Although Respondents presented the same argument on appeal, the Federal Circuit did not rely on this ground for refusing to apply the corroboration rule. (Pet. 7a-12a).

Circuit reversed a judgment of invalidity where the district court had relied upon the oral testimony of four witnesses. Two of the witnesses were related to the defendant, one a family member and one a friend, but two were not. One witness was a former employee of a competitor who had no relationship to any of the parties whatsoever. *See Woodland Trust*, 148 F.3d at 1369. The Federal Circuit applied the corroboration rule to all four witnesses, and found their collective testimony insufficient as a matter of law.

In contrast, the Federal Circuit in the decision below arbitrarily limited the corroboration rule to circumstances where a testifying inventor was "a named party, an employee or assignor to a named party, or otherwise in a position where he or she stands to directly and substantially gain." (Pet. 12a). Even if this ruling were expanded to include "friends" with no such direct interest, there is no way the result can be squared with the result in *Woodland Trust*. If the decision below is allowed to stand, courts will be faced with the impossible task of applying two conflicting decisions from the Federal Circuit that are binding precedent for all future cases.

IV. The Corroboration Rule Should Be Reinstated for All Witnesses

The Federal Circuit's new exception to the corroboration rule is arbitrary and illogical. It leads to the anomalous result that the same patent could be declared invalid in one case, and valid in another case, based on the very same record, depending only on whether the witness testifying about an alleged prior invention was a third party in a particular case. Moreover, if the decision is also deemed to support Respondents' view that the rule applies only to named inventors, it leads to the even more absurd result that an

inventor's testimony is deemed more reliable (and consequently no longer in need of corroboration) if he (or his employer) does *not* file a patent application.

Respondents conclusorily assert that there is no anomaly (Opp. Br. 15), apparently on the erroneous ground that the corroboration rule is designed only to guard against the bias of a directly interested witness. The rule is not so limited. It was not the bias of the witnesses that this Court cautioned against in *Washburn and Moen Mfg. v. Beat 'Em All Barbed-Wire Co.*, 143 U.S. 275 (1892), it was the unreliable nature of oral testimony about alleged anticipations and the bias of the parties presenting it. This Court cautioned against "the unsatisfactory character of testimony, arising from the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things *as the party calling them would have them recollect them*" and against "*witnesses whose memories are prodded by the eagerness of interested parties*," *id.* at 284 (emphasis added); *see also Woodland Trust*, 148 F.3d at 1372.

The dangers to the first to invent patent system of allowing patents to be invalidated on oral testimony about secret prior art are no less serious when the testimony comes from a third party witness. In the absence of contemporaneous corroborating documents, the testimony about private experiments conducted long ago is equally unreliable and unfair to the patentee. The decision below should be reversed and the corroboration rule reinstated for all witnesses testifying about secret prior art.

CONCLUSION

For the foregoing reasons, the petition for a writ of *certiorari* should be granted.

Respectfully submitted,

George E. Badenoch
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-7200

Attorneys for Petitioner
Thomson S.A.

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PETITIONER'S SUPPLEMENTAL BRIEF

GEORGE E. BADENOCH
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-7200

Attorneys for Petitioner Thomson S.A.

Sup

STATEMENT PURSUANT TO RULE 29.6

Petitioner's statement pursuant to Rule 29.6 may be found in its Petition for Writ of Certiorari.

PETITIONER'S SUPPLEMENTAL BRIEF

Pursuant to Rule 15.8, petitioner submits this Supplemental Brief to call the Court's attention to a new Federal Circuit case which demonstrates why this petition should be granted. On June 9, 1999, the Federal Circuit rendered yet another conflicting decision on the important corroboration rule in the U.S. first to invent patent system. *Finnigan Corp. v. International Trade Commission*, ____F.3d ____, 1999 W.L. 374081.

Prior to the decision below in this case and prior to the *Finnigan* decision, the Federal Circuit upheld the corroboration rule for third party witnesses, including at least one witness who was not an inventor and had no interest in the outcome of the patent dispute there at issue. *Woodland Trust v. Flower Tree Nursery, Inc.*, 148 F.3d 1368 (Fed. Cir. 1998).

Next, in the decision below, the Federal Circuit overturned the corroboration rule for third party witnesses, unless they were inventors directly interested in the outcome of the case, *vis.*

> We, therefore, hold that corroboration is required only when the testifying inventor is asserting a claim of derivation or priority of his or her invention and is a named party, an employee or assignor to a named party, or otherwise is in the position where he or she stands to directly and substantially gain by his or her invention being found to have priority over the patent claims at issue.

(Pet. 12a).

Now, in *Finnigan*, the Federal Circuit has reversed itself again, holding that the corroboration rule does apply to third party witnesses, whether or not they are inventors and whether or not they are interested in the outcome. The Court now holds:

> Uninterested witnesses are also subject to the corroboration requirement.

1999 W.L. 374081, *11. The Court further explains:

> It is not surprising that the cases have held that testimony concerning a witness's own participatory activities must be corroborated. A witness who testifies to antedating the invention of the patent in suit can be expected to derive a sense of professional or personal accomplishment in being the first in the field, and in this sense is not uninterested in the outcome of the litigation, even if that witness is not claiming entitlement to a patent.

(Id.)

In addition to the injustice of changing the rules for different patentees, the question of whether and when the corroboration rule applies to third party witnesses is now completely confused.[1]

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[1] The *Finnigan* court purported to distinguish the case below, citing a district court statement that evidence of anticipation came from a variety of sources and characterizing the decision below as relating only to the sufficiency of corroboration. 1999 W.L. 374081, *12. There is no way this

If the Federal Circuit's decision below is allowed to stand, courts will be faced with the impossible task of applying now three conflicting decisions from the Federal Circuit (*Thomson, Woodland Trust* and *Finnigan*) regarding the corroboration rule.

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distinction can be squared with the facts or the decision below, however. As explained in the petition (Pet. 8-11), none of the allegedly corroborating evidence offered by defendants or referred to by the district court relates to the crucial issue of whether the prototype disc tested in June 1972 -- the only invalidating activity alleged to have occurred before petitioner's priority date -- contained each of the elements of the patent claims in suit. On this issue, defendants have only the uncorroborated testimony of one witness. The Federal Circuit's decision below was based on its conclusion that the corroboration rule did not apply to that witness, not on any analysis of the sufficiency of corroborating evidence.

CONCLUSION

For the foregoing reasons, the petition for a writ of *certiorari* should be granted.

Respectfully submitted,

George E. Badenoch
Counsel of Record
Richard L. Mayer
John Flock
Robert F. Perry
Alexas D. Skucas
Mark I. Koffsky
KENYON & KENYON
One Broadway
New York, New York 10004
(212) 425-7200

Attorneys for Petitioner
Thomson S.A.